



THE INDEPENDENT

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IN THE 28-PAGE EYE TODAY

Sex violence and the man who made Basic Instinct

Eisenstein: Joker and genius

From Doors to Joy Division: Best boxed pop of the year



Butterfly in the night sky, 1,200 years ago



Watch this space: A 'butterfly' nebula, a star throwing out hot gases at speeds of 720,000mph, photographed by the orbiting Hubble space telescope. Known as M2-9, the star is 2,100 light-years away and the explosion that we see started 1,200 years ago, according to astronomers, so the plumes visible now have been growing for hundreds of years.

TODAY'S NEWS

Hindley loses appeal against sentence

The Moors murderer Myra Hindley failed in her High Court attempt to escape a lifetime in jail.

Lord Bingham, the Lord Chief Justice, and two senior judges unanimously ruled that the Home Secretary is entitled to decide that she must die in prison. The judges said that he is free to operate a policy that life sentences for the most notorious killers "will mean life" – as long as individual cases are kept under review. She was given leave to appeal. Page 11

Why sex is a lifesaver

Sex is good for you – and the more of it the better, according to a new study. Researchers found that men who had orgasms at least twice a week had half the risk of dying over the next 10 years, compared with those who had orgasms less than once a month. Page 7

Video nasties targeted

Britain's new film and video censor is to launch an immediate review of certification rules to prevent ultra-violent videos getting into the shops. Andrew Whittam-Smith said his priority was to prevent children from seeing unsuitable material. Mr Whittam-Smith, 60, founding editor of The Independent, was formally appointed president of the British Board of Film Censors yesterday by Jack Straw, the Home Secretary. Page 5

Rape victims to be spared the shame of telling their sexual history

Rape victims who fear having their sexual past paraded in court could be protected by changes being considered by ministers. That should help to raise the numbers of rapists convicted, which have plummeted.

The number of women reporting rapes by their husbands or partners has doubled in four years, according to the latest research by Home Office officials.

Just 8 per cent of reported rapes are now committed by strangers, while half take place within marriage or other intimate relationships.

But while the number of offences recorded rose from 1,842 in 1985 to 5,759 in 1996, convictions fell from 24 per cent to 10 per cent. Worse, only about three-quarters were even recorded.

Police regularly broke Home Office guidelines which said a case could only be discarded as "no crime" if a woman's allegation proved false. But that often happened when the woman withdrew or there was insufficient evidence.

A study of 300 cases by the Home Office Research and Statistics Directorate said police found "no crime" in 72 just 27 of which were false or malicious. A file was sent to the Crown Prosecution Service in just one third of cases, and a quarter reached court.

The findings, to be followed by a final report next year, will give new impetus to a ministerial review on vulnerable witnesses which is already considering a range of options to tackle low conviction rates in rape cases.

The group is looking at ways in which defence barristers can be prevented from using complainants' sexual histories against them. In one recent case a judge ruled that such evidence

was not admissible but had his decision overturned at appeal.

One possibility would be to allow the prosecution to retaliate when a woman's background was used against her, allowing the defendant's own sexual history to be mentioned – including sex convictions.

Other options include rules preventing defence barristers from claiming that a delay in re-

BY FRAN ABRAMS

porting the crime suggested a complainant consented but then got "cold feet."

The group is also looking at whether it might be made easier to bring cases in which a number of women accuse the same man.

Earlier this week *The Independent* reported that the review was also likely to give judges the right to prevent defendants from cross-examining witnesses.

before the rape and those who suffered few physical injuries.

Professor Sue Lees of the University of North London, who published her own research on the subject in a book called *Carnal Knowledge: Rape on Trial*, said official statistics were distorted because so many crimes were not even recorded.

Often police said there was no crime when they thought the woman would not be a credible

witness. "That might be because she is black or she is out late at night," Professor Lees said.

Her latest research, to be published shortly, found that of 109 recorded rape cases just nine resulted in convictions.

Of those, six were by strangers and three by acquaintances. Two of those three were gang raped and the third was raped by a man 30 years younger than her. Not one man was convicted of one-to-one marital or date rape.

Few older women saw their rapists convicted, she said. "My impression is that there are very few convictions relating to women over 35. It is quite likely that those women are either cohabiting or married, and that their partners don't want them to go ahead. In cases of marital rape, they may be intimidated. There are all sorts of repercussions," she said.

Few older women saw their rapists convicted, she said. "My impression is that there are very

amount of time a woman took to report a rape were under consideration. The review, which was looking at vulnerable witnesses in all kinds of cases, would be completed by the end of the month and would report early in the new year.

In a written parliamentary reply to the Liberal Democrats, the Home Secretary Jack Straw said: "The government are very concerned about the low proportion of reported rapes that result in a conviction. We need to know precisely why."

Richard Allan, Liberal Democrat home affairs spokesman, said his party was conducting its own review. "Anyone would think twice if they thought their sexual history would be revealed," he said.

John Wadham, director of Liberty, welcomed the move but said a balance must be struck.

"We would accept that maybe there needs to be some changes but obviously we need to protect defendants from being wrongly accused," he said.

Iran to restart talks on Rushdie fatwa

The Iranian government hopes to re-start negotiations over the "fatwa" death sentence against British author Salman Rushdie now that EU ambassadors have returned to Tehran, the new Iranian minister of Islamic Guidance, Seyyed Ali-Akbar Mohajerani, has told *The*

Independent. Western diplomats in Tehran want a letter from the Iranians which effectively overturns the late Ayatollah Khomeini's "fatwa" against the author.

The Iranians are prepared to put their names to a letter which says that they are not go-

ing to kill Rushdie – but they will not officially overturn a religious edict.

Mr Mohajerani is one of the most liberal figures in the new government of President Mohammad Khatami. When he gave evidence to the Iranian parliament on 20 August, he said:

"We can be against people's ideas but that does not mean we should be allowed to insult them ... if an intellectual expresses his theories we should criticise him in a respectable way – and in this way we enrich our society. It is a great tragedy when a nation which has created

so much civilisation and culture uses bad language [against writers]."

And he added: "Islam is not like a small, dark alley in which man constantly hits his head against a wall and can't survive. Islam is like a highway, a road full of growth and hap-

piness which a Muslim walks through all his life."

Mr Rushdie was sceptical yesterday about suggestions that the Iranian position has softened. "My own attitude is: wait and see," he told *The Independent*.

Rushdie's future, page 9

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2/BRIEFING

COLUMN ONE

Why TV soap is worse than life in the fast lane

Death is a fact of life in soap opera. Soap characters run a higher risk of death than stepladders, Formula One drivers or bomb disposal experts.

In *EastEnders* the death tally is 17 and rising. *Coronation Street* has lost 14 characters but *Brookside* and *Emmerdale* top the table with 29 and 28 deaths respectively.

The death count over the last 12 years demonstrates the risks that television soap stars run. Dr Tim Crayford, of the department of public health at King's College Hospital, London, and colleagues say an analysis of the four television soaps reveals a standardised mortality ratio for their stars of 771, more than seven times the average for ordinary mortals. By contrast, Formula One drivers have a mortality ratio of 581, oil rig divers 235, and bomb disposal experts 196.

"This is the first quantitative estimate of the size of the pinch of salt which should be taken when watching soap operas," they say in the Christmas issue of the *British Medical Journal*.

Albert Square in *EastEnders* turns out to be a significantly more dangerous place to live than Coronation Street. "People moving to Coronation Street between the ages of 30 and 44 went on to lead charmed

lives while their peers living in Albert Square dropped like flies."

Many characters, often young, died violent or unexpected deaths, including three killed by a mystery virus in *Brookside* and four killed in a plane crash in *Emmerdale*.

The authors say the results are of more than academic interest as British soap operas have built up a reputation for mirroring social themes, dealing with issues including Aids, breast cancer, theft and mugging. When it comes to death, however, they suggest they may be distorting the perception of violence in society. "It seems sad that to hold our interest they have to be as dangerous as Formula One motor racing."

They advise characters who still survive to wear good protective clothing (designed to withstand sharp implements, sudden impacts and fire) and to receive regular counselling "for living in an environment akin to a war zone".

A spokeswoman for *EastEnders* said: "EastEnders is a drama, and like any drama reflects the age old complexities of life and death."

"The *EastEnders* data for this research was taken from unofficial websites and the findings should perhaps be taken with a pinch of salt."

"In 12 years just over 1 per cent of our characters have died. It's probably more dangerous to be a character in a Shakespeare play."

But Dr Crayford insisted yesterday: "I think there's a lot of scope for soap operas to be more realistic. It wouldn't be a bad thing if a few more people died of strokes and heart attacks, or lung cancer."

— Jeremy Lawrence, Health Editor

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PEOPLE



Family affair: Actress Julia Sawalha (left), her father, Nadim, and sister, Nadia, are all in *Dearest Daddy* ... *Darling Daughter* at the Young Vic, south London, from Monday. Photograph: Philip Meech

Mother takes Christmas gifts to Woodward

Susan Woodward, mother of the former au pair Louise, was yesterday preparing to fly to Boston to join her daughter for Christmas. She said that her daughter was disappointed that she could not come home but was adapting well to life in Massachusetts.

Woodward, 19, from Elton, Cheshire, was freed last month after being convicted by a jury in Boston of the second-degree murder of eight-month-old Matthew Eappen. The conviction should have meant a minimum of 15 years in jail, but Judge Hillier Zobel overturned the verdict substituting a conviction for manslaughter and sentenced Woodward to exactly the time she had already spent in jail on remand.

But she has been ordered to stay in Massachusetts until appeals by both the defence and prosecution have been heard in March.

Mrs Woodward said yesterday that everyone was resting and preparing for the appeal. "All that's happened of course from the beginning of February everybody knows and our lives haven't been the same — the whole saga takes a different turn all of the time.

and at the moment we are in a quiet period waiting for the appeal in March. It's a very difficult phase now, it's a very supportive phase, everybody shows how much they support Louise and share with us how wrong they think the verdict was and we are taking comfort from that," she told Sky News.

Woodward is unable to attend school in America because of the status of her visa, but her mother said she was using her time to brush up on her French with the help of a tutor and would be resuming clarinet lessons in the new year.

"She spends her day reading and writing letters, responding to the many letters that she gets, I don't think she would ever be able to tackle all of them. She has a lot of e-mail so she spends time on the computer and is brushing up on her computer skills, so she is using her time very usefully. It's just passing time though, until she can come home."

Mrs Woodward will fly out to Boston this weekend, laden with presents and cards from well-wishers for her daughter. — Kate Watson-Smyth

Cold comfort from Thais for cancer-stricken GP

The Medical Council in Thailand has urged a cancer-stricken retired Dublin doctor and campaigner for euthanasia who went to the Far East to kill himself to return home to Ireland.

Dr Paddy Leahy faced surgery after an earlier operation failed to stop the return of cancer. In a recorded interview, broadcast on Tuesday on Irish radio, the retired GP said that he was going to end his life in Thailand. He had taken regular holidays there over the past 20 years and regarded it as a second home.

But yesterday the secretary-general of the Thai Medical Council emphasised that euthanasia was illegal there and said that the majority of Thai people saw it as "unethical and socially unacceptable".

He also urged the Irishman to return home. It was unclear last night where Dr Leahy was, or if he had already carried out his plan.

Dr Leahy had been an outspoken supporter of euthanasia in Ireland in recent years. He had indicated his plan privately to friends and family some time ago.

In the radio interview he said: "Emotionally I'm fragile and I've decided that it's the best way."

He said he knew of other doctors in Ireland who would have helped him to die but did not want to put them at risk by involving them.

Two years ago, Dr Leahy revealed that several years earlier he had helped a friend who had suffered a serious stroke bring about his wish to die. Afterwards he said

that he had been approached by numerous people with terminal illnesses who wanted to die.

He said he had been involved in 50 cases of euthanasia, and claimed every county in Ireland had a doctor who would be prepared to help such patients die.

Dr Leahy argued that euthanasia should be left up to the "common sense" of doctors and patients, rather than be subject to legislation.

A GP in the Dublin working-class suburb of Ballyfermot until he retired in 1990, Dr Leahy was a prominent campaigner in the Seventies for the introduction of contraception, and was also a vocal critic of private medicine.

— Alan Murdoch

Dublin



Gambaccini returns to his Classic roots

Paul Gambaccini, the former Radio 3 disc jockey who was once described as "the most hated man on radio", is returning to the rival station Classic FM in the new year.

American-born Gambaccini, 48, was axed from Radio 3's *Morning Collection* show last September, less than a year after his arrival which triggered a barrage of protest.

He was brought in as part of a sweeping modernisation, but traditionalists complained that he was taking the station down-market and expressed hostility to his accent and intimate presenting style.

The former Radio 1 presenter responded by branding them "the least civilised and most bigoted audience I have encountered in 25 years of broadcasting".

Gambaccini, who starts at Classic on 10 January, first worked for the station five years ago when it was launched.

Asked if he felt vindicated by Classic's decision to appoint him, Gambaccini said: "I do not think about Radio 3, it is behind me. There are lots of things to do in life and harbouring ill thoughts about something that happened two years ago seems to me to require therapy."

"Do I regret choosing a bad restaurant two years ago? No, of course not. I'm proud to be returning to Classic FM. Helping make it a success was one of the highlights of my career."

He will host *Classic Countdown* on Saturdays and on Sundays, *Countdown Top Ten*, taking over from Nick Bailey.

— Alexandra Williams

ZITS



by Jerry Scott & Jim Borgman

7.30 FOR 8



by Chris Priestley

Nobel la

Labour has made much of its official approach to arms dealers and the abolition of landmines. However, the party's record on human rights and democracy is not strong enough.

Revolution falters as CD-Roms fail to excite the young

... and the new Millennium... ready to begin its history... under another... ruler... ready to... end... with... a... future...

... cyberpets super perfect boy fo

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TOURIST RATES	
Australia (dollars)	2.41
Austria (schillings)	19.96
Belgium (francs)	58.68
Canada (\$)	2.29
Cyprus (pounds)	0.83
Denmark (kroner)	10.89
France (francs)	9.51
Germany (marks)	2.85
Greece (drachmae)	451.41
Hong Kong (\$)	12.40
Ireland (pounds)	1.10
Italy (lira)	2,801
Japan (yen)	207.69
Malta (lira)	0.62
Netherlands (guilders)	3.20
Norway (kroner)	11.68
Portugal (escudos)	287.91
Spain (pesetas)	240.00
Sweden (kroner)	12.48
Switzerland (francs)	2.31
Turkey (lira)	321,843
USA (\$)	1.61

3/LEADING STORIES

Nobel laureate says UK is stalling on landmines

Labour has made much of its ethical approach to arms dealing and the abolition of landmines. However, Steve Boggs finds that some in the worldwide anti-mines movement think the Government isn't doing enough.

A British Nobel peace laureate has accused the Government of dragging its feet over the ratification of a treaty designed to ban the use, production, transfer and stockpiling of landmines.

Rae McGrath, who delivered the Nobel lecture on behalf of the International Campaign to Ban Landmines, which won

the peace prize, said yesterday that Tony Blair's government was lagging behind others in ensuring that the treaty was incorporated into international law.

The treaty was signed by Britain and 121 other countries in Ottawa, Canada, two weeks ago, but Mr McGrath remains critical of Mr Blair and Robin Cook, the Foreign Secretary, in order to become law by December 1998 – the date earmarked by landmine campaigners – 40 countries must adopt it as domestic law by June next year.

Labour insists that it intends Britain to be one of these 40, but Mr McGrath, one of the founders of the International Campaign to Ban Landmines (ICBL) – so beloved of the late Diana, Princess of Wales – told *The Independent* that he felt the Government would not make the deadline.

"They did sign it only two weeks ago, but the details and content of the treaty were actually drawn up at a conference in Oslo last September," he said. "That gave the bureaucrats plenty of time to frame the legislation necessary for a Bill to be presented to Parliament as soon as the treaty was signed. But, as far as we can tell, nothing has happened."

Mr McGrath, a former army engineer and one of the founders of ICBL, was chosen to give a lecture to the Nobel committee in Oslo earlier this month following the award of the £625,000 peace prize to the American Jody Williams and the ICBL, which she co-ordinates. He said: "I simply can't understand it. Here is a perfect opportunity for Robin Cook to show his ethical credentials, but either he or his civil servants appear to be dragging their feet. Canada, Ireland and Mauritius have already ratified the treaty, so why haven't we?"

Mr McGrath was supported by the Mines Advisory Group, which said that Macedonia, Italy, Austria, Norway and Belgium were close to ratifying the treaty.

"At the moment, we have a moratorium on landmines in the UK, but there is a coda that says our troops may use them in 'exceptional circumstances' until the treaty becomes international law," said Tim Cawthron, International Policy and Research Officer. "I find that no less despicable, given that we haven't done anything to ratify it yet."

According to the Red Cross, 2,000 people are maimed or killed by landmines every month – or one every 20 minutes.

There are now more than 119 million hidden landmines in more than 70 countries, the worst affected being Iran (16 million mines), Angola (15 million), Iraq (10 million), Afghanistan (10 million), Cambodia (10 million), Bosnia Herzegovina (up to 6 million) and Egypt, which is thought to have up to 23 million, many left over from the El Alamein campaign during the Second World War.

The Foreign Office said criticism of the Government was unfair as it was committed to ratifying the treaty, but a spokesman was unable to say whether the June deadline would be met.

Revolution falters as CD-Roms fail to excite the young

CD-Rom, the 'edutainment' medium for the new Millennium, appears to be losing its lustre. Dorling Kindersley, a one-time trailblazer, yesterday announced that it was shedding jobs in its multimedia division. Cathy Newman asks whether CD-Roms have a future.

In theory, the CD-Rom is the ideal entertainment medium: words, pictures, sound, animation, film clips and graphics. All on a little silver disc you slip into your computer. Small wonder then that information technology (IT) and publishing companies scrambled in the early-Nineties to get into what many saw as a sales goldmine.

But, increasingly, it seems they were pursuing fools' gold. Dorling Kindersley's announcement yesterday that it was shedding 85 jobs in its multimedia division is only the latest in a series of blows to hit CD-Rom publishers.

News Multimedia, part of Rupert Murdoch's global media empire, scaled down CD-Rom production at the beginning of the year. The big United States publisher, McGraw-Hill, was forced to rethink its multimedia operations last summer because it was struggling to get shelf space in stores for its entertainment CDs.

Matthew Richards, editor of *PC Guide*, explains: "Multimedia hasn't lived up to the expectations publishers had for it. Two to three years ago it was seen as the Holy Grail. Sales just haven't backed that up at all."

Part of the problem stems from book publishers' assumption that all they had to do was transcribe their books onto a disc. The results were boring to look at and difficult to use.

Andreas Whittam-Smith, founder of *The Independent*, and chairman of Notting Hill, an electronic publishing company, says: "If all you're doing is putting a book on the screen, as many have done, it's no good at all."

Many CD-Rom publishers have also got it badly wrong in assuming people would buy weird and wonderful titles, few of which appeal to the mainstream consumer.

Roland Waddilove, editor of *PC Home*, estimates that only around the top 10 per cent of CD-Roms – titles like Microsoft's encyclopedia, *Encarta* – make any money. Some companies have sold fewer than a hundred of some of their more obscure offerings. Little wonder, he says, that they are now weeding out unsuccessful titles.

"I think we'll see companies focusing on



Screen generation: Two brothers playing on the family computer – but the market for CD-Roms has not lived up to expectations. Photograph: Andrew Buurman



CD-Rom from Dorling Kindersley

their top-selling products and forgetting the rest," Mr Waddilove says.

Another reason customers have left CD-Roms gathering dust on the shelf is that they have begun to get their first – and often cheaper – taste of true interactivity via the Internet.

The World Wide Web, Mr Richards believes, is far more appealing to new media enthusiasts than many CD-Roms on the

market. "People are much happier clicking onto the Internet rather than spending between £30 and £40 on a CD-Rom," Mr Richards adds.

Despite the general disappointment some publishers, such as EuroPress – which makes a range of edutainment discs called Fun School – have managed to make a go of it. Its CD-Rom, *International Rally Championship*, is rubbing shoulders with the best-selling games on disc.

So despite the bandwagon having come to a jarringly halt several times, aficionados believe the new medium still has something going for it. As Matthew Richards explains: "You can do things with CD-Roms you just can't do with books."

Dorling Kindersley is putting a brave face on yesterday's job cuts. Rod Hare, group managing director of Dorling, takes heart from upbeat forecasts for UK CD-Rom sales, which are predicted to grow from 43 million this year to 60 million next.

He is confident that Dorling will do well out of the CD-Rom market, not least because of the firm's direct-selling operation where sales staff demonstrate discs in potential buyers' homes.

The main problem, from the manufacturer's if not the customer's point of view, is that CD-Roms are selling for less than they used to. "Retail prices have come down," he says, "so revenue generated is less than we'd like it to be".

Cyberpets superseded as girls seek perfect boy for virtual romance

He is your ideal man. You can mould him into a gorgeous hunk and be the envy of all your girlfriends – and for less than £20. The catch? He only exists in cyberspace. Genda Cooper, Social Affairs Correspondent, looks at the latest craze to sweep Japan – the virtual boyfriend.

It has been described as "boyfriend imasouchi" – a virtual bean whom girls can make into the hunk of their dreams. But like the virtual pets that took Britain by storm earlier this year, you have constantly to look

after your boyfriend to keep him happy and make sure he grows up nice and polite. Or at least that's how it works in *Princess Club Pocket 2*, "Operation Boyfriend Makeover" – a game aimed at high school girls which is played on the hand-held Gameboy console.

According to Altus, the company that developed *Operation Boyfriend Makeover* for Nintendo, you have a year to turn your virtual boyfriend into a desirable Adonis so you can look good together on graduation day.

There's a note of warning however – if you screw up, he could end up with a greasy biker or, horrors of horrors, a boy who likes to pick flowers. In the words of the press release: it's a "love love romance game [sic] ... that will make you giggle".

So how do you do this? Basically *Operation Boyfriend Makeover* works through conversation and role-playing.

You meet your virtual boyfriend at school, listen to what he says, spot the hints that he may be about to do something naff, and advise him not to. You even guess where he might hang out when he's not in school, and go there.

You pick up information about him through your virtual girlfriends, to see whether he has the right sort of hobbies and personality. You give him presents, hoping that they will be the right sort and he won't throw them back in your face.

Players also get to compile a photo album of key romantic moments with their virtual boyfriends, and to swap notes with their virtual mates to see who has the cutest guy. You do get to go on a date together, but feminist thinking hasn't made much headway in *Operation Boyfriend Makeover* so you can't ask him out – you have to manipulate the conversation in such a way that he asks you out.

Dr Mark Griffiths, senior lecturer in psychology at Nottingham Trent University, warned that virtual boyfriends was not necessarily a "healthy thing".

"How do people then cope in the real world?" he asked.

"Virtual relationships do not work like real relationships ...

By producing the ideal date you're conditioning someone as you go along, turning them into someone you want them to be."

There are no plans yet to bring the £19 game to Britain.

IN TOMORROW'S INDEPENDENT

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Teachers furious at English marking errors

Almost 12,000 pupils were given the wrong grades in this year's English tests for 14-year-olds, new figures have revealed.

Now officials have conceded that markers must be given more training. Fran Abrams looks at a problem which has infuriated head teachers.

New rules are being drawn up on how pupils' English papers

should be marked, after a total of 150,000 complaints in just three years.

In 1995, the first year after exam boards were given responsibility for marking the tests, there were almost 72,000 complaints, almost 20,000 of which turned out to be valid. Last year there were just 25,000 complaints, and the Qualifications and Curriculum Authority thought matters were improving.

But this year, another 42,000 papers had to be remarked and 12,000 pupils – two per cent of

the total – were told their results were wrong. The vast majority will have had their marks revised upwards.

The number of mistakes made by maths and science markers were much smaller. In maths there were 1,200 complaints and just six mark changes, while in science there were 4,200 complaints and 30 mark changes.

A spokeswoman for the authority said last night that marking procedures for Key Stage Three English tests would be tightened up from next year.

Similar changes would be made for maths and science the following year.

"There will be much better training of markers and supervisors, a lot more compulsory

checking of supervisors' work and more checks before the scripts are released to schools," she said.

This year, problems were detected in May after pupils sat the tests, and a sample of 10,000 papers were held back and checked. But despite that, there had still been complaints.

Ann Barnes, general secre-

tary of the National Association for the Teaching of English, said too few pupils seemed to have been awarded the higher levels, six and seven, but more had been awarded level five.

Many schools had written to the association to complain, she said. But often teachers did not even bother to complain because they felt the tests were largely a waste of time.

"If they were taking it seriously we would expect far more complaints. I think it is very rash to take no notice of your results, but certainly that is

what schools are doing," she said.

Don Foster, the Liberal Democrat education spokesman, said the Government was operating a "high-cost, low-value" system. Of the £13.4m spent on tests for 14-year-olds, £9.4m went on marking. Tests for seven-year-olds cost £36 per pupil while just £17 per pupil was spent on books.

"There are clearly large question-marks both about the value for money we are getting and the accuracy and efficiency of the exercise," he said.

Football club to invest in schools

Premiership champions Manchester United are to invest in a secondary school as part of the Government's specialist schools programme, it was revealed yesterday.

The football club is to provide £100,000 in sponsorship for Ashton on Mersey School in Trafford. The school, one of six new specialist sports colleges, has strong links with Manchester United – two former pupils are members of the team.

The announcement came as Estelle Morris, the education minister, revealed plans for 33 specialist colleges for technology, arts and languages, bringing the total to nearly 300.

The colleges are part of a government initiative for the development of specialised facilities in schools. In each case, the Government matches private sponsorship pound for pound, and adds £100 per pupil up to a maximum £100,000 each year.

Since the scheme began in September 1993, more than



Jolly hockey-sticks: Specialist schools and colleges are being paid for with public and private cash

Photograph: Keith Doherty

£30m has been raised from the private sector, an achievement with which Ms Morris professed herself to be "delighted" yesterday. But, she said, the involvement of the private sector is important "not just in terms

of cash, but also because sponsors can work with and support their schools."

All state-maintained secondary schools are eligible, but they must first raise £100,000 private-sector sponsorship and

prepare a three-year development plan. In return, successful applicants receive a further £100,000 capital grant from the Government. Yesterday's additions to the programme are the first since the relaunch of the

scheme in the White Paper, Excellence in Schools, in July.

Education officials hope the scheme will benefit other local schools which will have access to the resources, facilities and expertise at the colleges.

The education minister said yesterday: "Our new criteria emphasises links with the community which will carry the benefits of specialism well beyond the school gates."

— Louise Hancock

7/SEX & DRINK

Clint Eastwood and Meryl Streep in *The Bridges of Madison County*. A Welsh study links sex with longevity

... and a few drinks can be a good medicine, too

Christmas drinkers can celebrate – modestly.
Britain's most famous medical researcher has concluded that alcohol is good medicine.
Jeremy Laurance, Health Editor, explains how it can prevent disease.

There is now "massive evidence" that a couple of drinks a day is good for health, according to Sir Richard Doll, the UK's most eminent epidemiologist.

It does not matter whether the drink is beer, wine or spirits – it is the alcohol that confers the protective effect, principally by reducing heart disease and stroke. Two or three drinks a day is the ideal – cutting heart disease in men over 45 by a third – after which mortality starts to rise again because of an increase in diseases associated with alcohol, such as cirrhosis of the liver and oral cancer. But only consumption rises to seven drinks a day does mortality for the drinker exceed that for a teetotaller.

The optimum level of drinking for women is somewhat lower, partly because of their smaller size but also because they have a lower risk of heart disease, greater susceptibility to liver damage and a higher risk

of breast cancer, which increases by 10 per cent for each drink additional to the optimum taken on average each day. A drink is equivalent to a half pint of beer, small glass of wine or single measure of spirits.

There is no evidence that drinking reduces mortality in people under 45 who are at lower risk of dying from heart disease. Since drinking at all levels increases the risk of accidents, in younger people, this outweighs any benefit to the heart.

Sir Richard, whose work 20 years ago established the link between smoking and lung cancer, says in the *British Medical Journal*, that there is no greater benefit from drinking wine, despite what some studies have shown.

The apparent benefit derives from different styles of drinking. Wine drinkers tend to drink small amounts regularly, gaining the greatest benefit, while beer and spirit drinkers tend to binge on one or two days a week.

Sir Richard concludes: "People should be treated as adults and should be told the facts. These still need to be refined in detail but in broad outline they are quite clear."

"In middle and old age, some small amount of alcohol within the range of one to four drinks each day reduces the risk of premature death, irrespective of the medium in which it is taken."

Agony and ecstasy

Eat, drink and be merry this Christmas and help psychologists count the cost of having a good time. At least 100 people are being asked to help researchers at the University of Hull understand the relationship between drinking, laughter and health.

One of the aims, according to Dr Geoff Lowe who specialises in the study of pleasure and enjoyment, is to discover the extent to which the pleasure of eating and drinking is undermined by guilt.

"Sometimes people consume enjoyable substances such

as naughty but nice food and drink but feel guilty about it. Such feelings may contribute to ill health," said Dr Lowe, adding that the study would help establish which pleasurable feelings are mixed up with guilt and the effect that has on health."

Dr Lowe's research will involve volunteers watching a humorous video while drinking controlled amounts of alcohol to see if it enlivens laughter. Others will be given no alcoholic drinks while watching the same film.

— Esther Leach

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If in doubt, ask your hairdresser

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PLAYERS MUST BE 18 OR OVER

Major likens Blair to Uriah Heep

Tony Blair has been likened to the hand-wringing and ever-so-humble Uriah Heep, the Dickensian character, by John Major. Anthony Bevins, Political Editor, watches as the former prime minister returns to the fray.

One of the Prime Minister's key qualities, his ability to show and share his feelings, was condemned out of hand by his predecessor, Mr Major, in an interview with *The Spectator* yesterday.

Arguing that it would have been ludicrous to have apologised for taking sterling into the European Exchange Rate Mechanism, as Chancellor, in 1990, Mr Major said: "The idea of politicians apologising is silly. Where does it end?"

"Look at Blair, apologising to the Irish – next, he'll probably apologise to the Italians. Then they wanted the Queen to apologise to all our former colonies. Should we have a weekly apology spot on which Blair apologises to John Humphrys for not having anything to apologise about that

week? Is Uriah Heep running the country?"

"As for Blair saying he was 'hurt' after the Formula One row, he never seemed hurt about questioning the integrity of others. He shouldn't have said it anyway. Politicians should never bare their emotions in public."

The interview coincided with an interview with Mr Blair in yesterday's *Sun* – his first Christmas interview as Premier – in which he said that the death of Princess Diana was the most terrible moment of his months in office. "Instinct sustained me through that difficult period," he said.

Mr Major also accused Labour of being too scared to make good long-term decisions. "This is where they will come unstuck," he said. "Labour lied to the middle classes. They made all these promises of help and now, every day, they kick them in the pants. Brown's wholly unnecessary Budget was a disgraceful raid on pension funds. A higher rate of council tax and the abolition of Tessa is stupid and incredibly vindictive. They are completely out of touch with reality."

"I have calculated that Labour is costing each middle-class family £700 a month. I suppose they think they are being macho. I suppose that's why they refuse to bow to parliamentary opinion..."

As for his own party, Mr Major agreed that there were sections of it that seemed to believe that its problems were mainly presentational. "They should be setting out clear policies," he said, "on benefit reform particularly. Labour, for instance, pretends to be pro-women but actually their policies are sexist. The Government wants to pay family credit through the wage packet, which means it will too often go entirely to men."

"These things are more important than presentation. The voters will become sick of slickness. It would be terrible for the Tories to go in for slick trickery."

He said that his long-term ambition was to see the party back in office as soon as possible, and, asked whether that meant that he would not be as Barone Thatcher or Sir Edward Heath had done, Mr Major said: "I'm not commenting on Mrs Thatcher."

Asked whether he believed people should publicly criticise their successors, he replied: "No. I don't want to be seen as a twisted, bitter person who could never get used to losing office."

Harriet Harman last night faced growing anger from her own backbenchers after refusing to rule out cuts in disability benefits as part of the Government's review of spending.

The Social Security Secretary told an all-party group of MPs on the disabled that the review

was not "cuts led" but she made it clear she was looking at ways of tightening up checks on some benefits, particularly incapacity benefit which has soared in cost to £8bn.

Lord Ashley, the veteran Labour campaigner for the disabled, warned after the meet-

ing the Government was in for a long, angry and bitter battle if the disabled were targeted. "We asked Harriet Harman for a categorical undertaking that there would be no cuts in disability benefits and she refused to give that."

Ms Harman said her review

was aimed at helping more disabled into work, and she would not defend the status quo. The Cabinet agreed to press on with the changes to the welfare state. Union leaders yesterday met the Prime Minister and voiced their concern over the political direction of the Gov-

ernment. John Monks, TUC general secretary who led the delegation, said unions wanted a review of the welfare state, "but we don't want to see the most vulnerable people left out".

— Colin Brown and Barrie Clement

Robin Cook and Yasser Arafat, with his interpreter, answering questions after talks at the Foreign Office yesterday between the Palestinian leader and the Foreign Secretary, at which Mr Arafat revealed a breakthrough in the Middle East peace process

Photograph: Rui Xavier

Harman faces growing anger over disability cuts

Harriet Harman last night faced growing anger from her own backbenchers after refusing to rule out cuts in disability benefits as part of the Government's review of spending.

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Ms Harman said her review

Dewar is front-runner to be Scotland's 'First Minister'

THE KEY POINTS

- Four-year term: presiding officer like the Speaker; clerk-like chief executive; Scottish executive – first minister with other ministers appointed by him/her; power to raise up to 3p on income tax; main funding through Scottish Consolidated Fund by UK government; MPs with Scots seats will continue to be able to sit in Westminster but number of seats can be cut.
- Timetable: Royal Assent, second half 1998; elections first half 1999; Scots Parliament operational in 2000.
- Powers: Scots Parliament will control health, education, local government, housing, social work, economic development, public bodies, tourism, air and sea transport, criminal law, prisons, environment, food standards, agriculture, sport and arts.
- No power over: the Crown, UK Parliament, UK Foreign policy, UK defence and national security; protection of borders; UK economy; employment legislation; social security policy; regulations of professions including doctors; UK transport; abortion, human fertilisation, embryology; nuclear safety and licensing of cinemas.
- The Scotland Bill confirms the overall supremacy of the Westminster Parliament and underpins the sovereignty of the Crown by ensuring that all Scottish Bills have to Royal Assent from the Queen before becoming Acts. Scottish Secretary will act as liaison minister with the new Parliament.
- It follows the lines set by the Government's White Paper in July. But it does make several changes. These include allowing individuals to stand for election alongside political parties on the regional lists, used under the Parliament's new party list system of proportional representation; Parliament will be able to pass legislation on dangerous dogs; membership of judicial committee, which is to settle disputes on Parliament's actions, adjusted to include senior judges.
- Members of the Scottish Parliament (MSPs) may wish they had power over mainline services – the Scottish Office officials missed the launch in Glasgow because their sleeper train was delayed by snowdrifts outside Carlisle.

tions in the first half of 1999. It will be clear who is likely to be Labour's choice as First Minister before the Scottish voters go to the polls.

"Basically, we are looking at a situation where there would be no overall control by one party. The Labour Party will be the largest party but it will be less simple than having someone else. The Government wants who will go into that parliament as the First Minister," he said.

Mr Dewar said he was "elected" to be unveiling the proposals today and was looking forward immensely to the coming months.

The Bill's 40,000 words and 116 clauses fulfils Labour's manifesto commitment on devolution and puts into effect the referendum result supporting a parliament with powers to raise up to 3p in the pound in income tax.

The Scottish National Party

promised to give it a "fair wind", and it was broadly supported by Scottish Liberal Democrats, but the Tories, who lost all their seats in Scotland at the last election, threatened to fight it, unless the Government backs down and allows the legislation to be taken entirely on the floor of the Commons.

The SNP said the Tories could upset their members in Scotland if they were seen to use their majority in the Lords to block the legislation. Michael Ancram, the Tory spokesman on constitutional affairs, warned that the talks between the opposition and government whips would have to deliver concessions.

The site of the Scottish Parliament will be announced early in the new year, and the salaries for Scottish MPs will be decided by the Scottish Secretary on advice from the top salaries review body.

Inquiry urged into Tory 'conflict of interest'

A Labour MP who forced William Hague to move one of his frontbenchers over an alleged conflict of interests called for two more Tory spokesmen to be investigated by the Parliamentary Commissioner for Standards, Sir Gordon Downey.

Mr Hague switched Michael Fallon from the Trade and Industry portfolio to the Treasury after Denis MacShane, the MP for Rotherham, accused Mr Fallon of a conflict of interests in speaking on the minimum

wage Bill while acting as a paid adviser to nursing homes, which had low-paid staff.

Mr Fallon switched portfolios with Tim Boswell, who was a junior Treasury spokesman for the Tory party. But Mr MacShane yesterday asked Sir Gordon to investigate a possible conflict of interest with Mr Boswell, a farmer, speaking on the minimum wage Bill because it applied to agricultural workers. He also sought an inquiry into a possible conflict

In a letter to Sir Gordon, he said: "I believe there is a wider problem about Conservative shadow ministers who moonlight for employers or companies who in nearly all cases will stand to win or lose financially from much of the legislation passed by the House."

— Colin Brown

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9/RUSHDIE'S FUTURE

Passions rise as Iran seeks new talks on death sentence

With the return of European Union ambassadors to Tehran, the Iranian government hopes to re-start negotiations over the fatwa against British author Salman Rushdie. But as Our Correspondent in Tehran hears from the new Iranian minister of Islamic Guidance, Seyyed Attaollah Mohajerani, the Rushdie affair has no simple solutions.

Everyone in Tehran understands the equation. And both the Iranians and the European Union ambassadors are very polite at their talks about Salman Rushdie – because both appreciate the problems of the other. Western diplomats in Tehran want a letter from the Iranians which effectively overturns the late Ayatollah Khomeini's *fatwa* against the author. The Iranians are prepared to put their names to a letter which says that they are not going to kill Rushdie – but they will not officially overturn a religious edict. To do so could topple the new government of President Mohammad Khatami. Not to do so, in the eyes of the EU, is a re-affirmation of the death sentence. One day, Rushdie should write a novel about it.

"It was announced officially that Iran will not execute anyone regarding this *fatwa*," Seyyed Attaollah Mohajerani told me in his new Islamic Guidance ministry. "Some religious leaders believe that if someone has humiliated the Prophet, if he repents, he could be forgiven – this is a religious point of view," he said. Was this some kind of message for the religious leadership? Would it not have been better for Iran, I asked, if the *fatwa* had never been issued? There was a sharp smile from Mr Mohajerani. "If the book had not been written, there would have been no *fatwa* issued," he said. "The negotiations with the European Union [over the *fatwa* against Rushdie] were stopped when the EU ambassadors left [after a German court had blamed Iran's religious leadership for planning the murder of Kurdish dissidents in Berlin]. Now we hope we can restart negotiations."

Mr Mohajerani, it should be said at once, is no conservative. One of the most liberal figures in the new Khatami government, he is a former vice-president for legal and parliamentary affairs, with a PhD in

history and a belief in civil freedoms that almost cost him parliament's approval for his new job. Indeed, his 48-minute speech to the Iranian *majlis* this summer – strangely ignored in the West – contained some memorable passages on freedom of speech.

During his appearance, he was taunted for being "linked to liberals" and for proposing a dialogue with the United States – something which President Khatami finally did last weekend. At one point, a *majlis* deputy demanded to know if Mr Mohajerani would personally kill Salman Rushdie if he came face-to-face with him. The future minister would not clarify his views on the matter.

During the same hearing, however, he stated baldly that "everybody who has accepted the Islamic Republic and our country's constitution ... must be subject to tolerance ... I condemn the burning of bookshops, the beating of university

BY ROBERT FISK

lecturers and attacks on magazine offices."

In his conversation with me, Mr Mohajerani insisted that the *fatwa* was a religious decree. "Some religious leaders believe that if someone has humiliated the Prophet, if he repents, he could be forgiven – this is a religious point of view," he said. "The negotiations with the European Union [over the *fatwa* against Rushdie] were stopped when the EU ambassadors left [after a German court had blamed Iran's religious leadership for planning the murder of Kurdish dissidents in Berlin]. Now we hope we can restart negotiations."

The truth is that the Rushdie affair is in danger of reigniting passions among the ultra-orthodox clergy who were defeated in last May's presidential elections. When President Khatami's supporters demand intellectual freedom, his political enemies now suggest that they wish to excuse *The Satanic Verses* and contradict the word of the Ayatollah Khomeini. Anyone who advocates intellectual freedom may now be linked to Rushdie. And, of course, the more Khatami's men condemn Rushdie's book, the less liberal they appear in the West.



Salman Rushdie: 'If the people of Iran were able to make their political will felt, you'd get a very different society'

Photograph: Reuters

'People are very tired of the rule of the Imam'

Salman Rushdie was sceptical yesterday about suggestions that the official Iranian position has softened, as Steve Crawshaw found.

"My own attitude is: wait and see," Rushdie told *The Independent*. "People seem very eager to believe that change is taking place – on very scant evidence. I've become quite sceptical of gentler announcements. They're often followed by contradictions."

He was scathing, too, about the passing-the-buck argument – presented yet again by Seyyed

Mohajerani, minister of Islamic guidance – which suggests that a *fatwa* cannot be overturned because Ayatollah Khomeini, who issued the *fatwa*, is no longer alive. "It's disingenuous. In every other aspect of the Islamic republic, they talk about the unity of religion and politics ... The Iranians always do things when they want to. We can get bogged down in areas of theological discussion. If the Iranian state decides to get rid of this problem, it's able to do so."

He was cautiously optimistic about the election of the new Iranian leader, President Khatami. "What it says to me is that people are getting very

tired of the rule of the Imam. This was the greatest protest vote they could make ...

"If the people of Iran were able to make their political will felt, you'd get a very different society."

But he seemed resigned to the fact that little has changed, so far. The return of the EU ambassadors to Tehran was itself an indication that the status quo remains in force. "At the time when the EU withdrew its ambassadors, it said they would only come back if the *fatwa* was withdrawn. But they have sent them back anyway."

Rushdie, still under threat of assassination because his *Satanic Verses* offended the Iranian government, spoke of his disappointment that Britain, which takes over the presidency of the European Union in 11 days' time, has failed to offer the moral support that he had hoped for.

"Before Blair was prime minister, he was extremely supportive. He said: 'Any time I can do anything for you, don't hesitate to ask.'"

Come the election, however, Labour's warmth for the threatened author diminished.

When Rushdie requested a meeting with Robin Cook, the Foreign Secretary, he was told

there was "no need for such a meeting at this moment".

To which Rushdie observed:

"I can't think when there would be a better moment."

Rushdie insists that a tough stance by the European Union – where Britain will be the effective leader, for the next six months – is the only way of forcing Iran to soften its current position.

The Labour government preaches the need for an ethical foreign policy, which presumably includes the need not to kill people, according to what books they have written. Rushdie believes that the Government is not hostile to his position. Equally, however, there is no sign of a tough new stance. "I keep asking for a policy – and there is no policy."

Make sure
you have
a good
argument
this
Christmas

WRITING IN ISLAM

Extracts from Seyyed Mohajeran's speech to the Iranian parliament on 20 August after which he was elected – by a very narrow margin – to be Minister of Islamic Guidance:

"Everybody who has accepted the Islamic Republic and our country's constitution and are living as Iranian citizens, must be subject to tolerance ... we should prepare the kind of environment in which people feel able to express their ideas in different ways in the Islamic Republic.

"Here in this parliament, a writer [Dr Abdol-Karim Soroush, a leading opposition intellectual] was talked about, and his name was used without respect. We can be against people's ideas but that does not mean we should be allowed to insult them ... we should criticise him in a respectable way ...

"I think that the books I've written show my sensitivity towards cultural invasion. How should I prove my sensitivity? I showed it by writing critically about the *Solanic Verses* on the very evening of February 14th [1989] that the Imam's *fatwa* [against Salman Rushdie] was announced over the radio ... The Imam was still alive when I started writing critically about this book in *Etefaq* newspaper.

"My colleagues in the office saw how, after writing this article, I collapsed in the office and couldn't move. The reason for this was that for about 40 days I couldn't sleep more than half-an-hour at night because I believed it was so important to give an answer to this book ... I wrote a book about Rushdie which was translated into Arabic and English ... yet ... you won't find any kind of insults in this book of mine.

"If I'm elected as the Islamic Guidance minister, I can tell you that I disagree almost totally with the way the ministry is being run ... Islam is not like a small, dark alley in which man ... bits his head against a wall and can't survive. Islam is like a highway, a road full of growth and happiness which a Muslim walks through all his life."

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Fleet Street told to mind its own business

The Press Complaints Commission has drawn up a new Code of Conduct for journalists following the death of Diana, Princess of Wales. Steve Bognon examines the code and asks editors whether it will make any difference.

Lord Wakeham, the Commission chairman, called the code "the toughest in Europe" and, after the death of Diana, perhaps it had to be. There was silence from many Fleet Street editors last night as they digested its contents and envisaged how, if at all, it would change life for their journalists. There are sure to be arguments about key parts of it.

The code, which comes into effect on 1 January, concentrates on 16 areas, from discrimination and financial journalism to protecting sources and privacy. The most tightening up occurs over privacy, harassment, treatment of children and intrusion into grief. Added as a rider, as mitigation for honourably breaking the tenets of the code, is a passage on what constitutes the public interest.

On privacy it says: "Everyone is entitled to respect for his or

her private and family life, home, health and correspondence. A publication will be expected to justify intrusions into any individual's private life without consent."

Use of long lenses is ruled out and it adds: "Note - Private places are public or private property where there is a reasonable expectation of privacy." Such a definition is bound to cause problems. On harassment, the code specifically bans persistent pursuit and re-emphasises the responsibility of editors to ensure material provided from outside sources is obtained in accordance with provisions of the code.

The code emphasises the right of children at school to be free from unnecessary intrusion, pays attention to minors and provides protection for the children of the famous. It says the public interest includes detecting or exposing crime or a serious misdemeanour, protecting public health and safety and preventing the public being misled.

Fleet Street hopes the code will deflect criticism it received after the death of Diana, when witnesses accused paparazzi on motorbikes of causing her driver to crash. It has emerged that the driver, Henri Paul, was several times over the drink-drive limit and had taken prescription



Diana in the spotlight. The media's alleged role in her death led to tough new measures. Photograph: Andrew Buurman

drugs. Yet the press felt the need to tighten up its own voluntary code rather than submit to legislation. Lord Wakeham said: "I am pleased that the industry has responded so positively to the recommendations which I put

forward in September." Sir David English, chairman of the industry's Code Committee, said: "I believe the important changes we have made ... show that press self-regulation can and does respond speedily

to public concern. I am confident that editors and journalists ... will demonstrate their responsibility in observing the new provisions." Andrew Marr, editor of *The Independent*, said it looked "reasonable on paper" but was "ragged about the edges. It is a perfectly respectable architect's drawing rather than the building itself," he said. He was concerned, he said, to find how "private place" would be defined.

It was "ragged about the edges. It is a perfectly respectable architect's drawing rather than the building itself," he said. He was concerned, he said, to find how "private place" would be defined.

THE NEW CODE OF PRACTICE IN FULL

All members of the press have a duty to maintain the highest professional and ethical standards. This code sets the benchmarks for those standards. It both protects the rights of the individual and upholds the public's right to know. The code is the cornerstone of the system of self-regulation to which the industry has made a binding commitment. Editors and publishers must ensure that the code is observed rigorously not only by their staff but also by anyone who contributes to their publications.

It is essential to the workings of an agreed code that it be honoured not only to the letter but in the full spirit. The code should not be interpreted so narrowly as to compromise its commitment to respect the rights of the individual, nor so broadly that it prevents publication in the public interest.

It is the responsibility of editors in co-operate with the PCC as far as possible in the resolution of complaints. Any publication which is criticised by the PCC under one of the following clauses must print the adjudication which follows in full and with due prominence.

1. Accuracy

(i) Newspapers and periodicals must take care not to publish inaccurate, misleading or distorted material, including pictures.

(ii) When it is recognised that a statement is inaccurate, misleading or distorted, it must be published, it must be corrected prominently and with due prominence.

(iii) Subterfuge can be justified only in the public interest and only when material cannot be obtained by any other means.

2. Innocent relatives and friends

The press must avoid identifying relatives or friends of persons convicted or accused of crime without their consent.

3. Listening devices

Newspapers must not obtain or publish material obtained by clandestine listening devices or by intercepting private telephone conversations.

4. Hospitals

Journalists or photographers making enquiries at hospitals or similar institutions must identify themselves to a responsible executive and obtain permission before entering non-public areas.

(i) The restrictions on introducing into hospitals are particularly relevant to enquires about individuals in hospitals or similar institutions.

5. Care must be taken that nothing in the report implies the relationship between the accused and the child.

6. Victims of sexual assault

The press must not identify victims of sexual assault or publish material likely to contribute to such identification unless there is adequate justification and, by law, they are free to do so.

7. Opportunity to reply

A opportunity to reply to inaccuracies must be given to individuals or organisations when reasonably called for.

8. Privacy

(i) Everyone is entitled in respect for his or her private and family life, home, health and correspondence.

(ii) A publication will be expected to justify intrusions into any individual's private life without consent.

(iii) The use of long-lens photography to take pictures of people in private places without their consent is unacceptable.

Note: Private places are public or private property where there is a reasonable expectation of privacy.

9. Harassment

(i) Journalists and photographers must neither obtain nor seek to obtain information or pictures through intimidation, harassment or persistent pursuit.

(ii) They must not photograph individuals in private places [as defined in clause 3] noted without their consent; must not persist in telephoning, questioning, pursuing or photographing individuals after having been asked to desist; must not remain in their property after having been asked to leave and must not follow them.

(iii) Editors must ensure that those working for them comply with these requirements and must not publish material from other sources which does not meet these requirements.

10. Infringement of grief or shock

In cases involving grief or shock, enquiries must be carried out and approaches made with sympathy and discretion. Publication must be handled sensitively, but that should not be interpreted as restricting the right to report judicial proceedings.

11. Children

(i) Young people should be free to complete their time at school without unnecessary intrusion.

(ii) Journalists must not interview or photograph children under the age of 16 on subjects involving the welfare of the child or of any other child, in the absence of or without the consent of a parent or other adult who is responsible for the children.

(iii) Pupils must not be approached or photographed while at school without the permission of the school authorities.

(iv) There must be no payment to minors for material involving the welfare of children nor payment to parents or guardians for material about their children or wards unless it is demonstrably in the child's interest.

(v) Where material about the private life of a child is published, there must be justification for publication other than the fame, notoriety or position of the child's parents or guardian.

12. Confidential sources

Journalists have a moral obligation to protect confidential sources.

13. Financial journalism

(i) Even where the law does not prohibit it, journalists must not use for their own profit financial information they receive in advance of its general publication, nor should they pass such information to others.

(ii) They must not write about shares or securities or derivatives performance they know that they or their close family have a significant financial interest, without disclosing the interest to the editor or financial editor.

(iii) They must not buy or sell, either directly or through nominees or agents, shares or securities about which they have written recently or about which they intend to write in the near future.

14. Payment for articles

(i) Payment or offers of payment for stories or information must not be made directly or through agents to witnesses or potential witnesses in current criminal proceedings except where the material concerned ought to be published in the public interest and there is an overriding need to make or promise to make a payment for this to be done. Journalists must take every possible step to ensure that no financial dealings have influence on the evidence that those witnesses may give. An editor authorising such a payment must be prepared to demonstrate that there is a legitimate public interest at stake involving matters of the public interest.

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17. Children in sex cases

1. The press must not, even where the law does not prohibit it, identify children under 16 who are involved in cases concerning sexual offences, whether as victims or as witnesses.

2. In any press report of a case involving a sexual offence against a child:

(i) The child must not be identified.

(ii) The word "incest" must not be used where a child victim might be identified.

3. In cases involving children editors must demonstrate an exceptional public interest to override the normally paramount interests of the child.

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11/IN THE COURTS

Hindley must stay in jail for rest of her life

Myra Hindley, the Moors murderer, is to spend the rest of her life in jail after High Court judges ruled yesterday that the Home Secretary's 'life meant life' decision was lawful. But, says Michael Streeter, Legal Affairs Correspondent, the judgment was overshadowed by an embarrassing leak.

An investigation began yesterday into the source for a tabloid newspaper story declaring that Hindley had lost her case – published hours before the verdict was delivered.

The Lord Chief Justice, Lord Bingham, who gave the main judgment, said it was "utterly unacceptable" that parties involved in a case should learn of the decision through a newspaper article.

He asked barristers for Hindley – who is appealing against the judgment – and the Home Secretary to find out how the leak had occurred.

Assuming the *Daily Mail's* story yesterday was not simply a lucky guess, the leak of the judgment in such a high-profile case is an embarrassment. The investigation ordered by the Lord Chief Justice will cover the narrow group of people with access to the advance copy; the barristers, junior counsel and instructing solicitors on either side.

Any lawyer found to have

leaked such a judgment could face contempt of court proceedings and disciplinary action from the Bar Council or Law Society.

By convention, the clients – Hindley and the Home Secretary Jack Straw – should be told just one hour before the judgement is delivered.

Yesterday, the Home Office said it had "no idea" where the leak came from. Hindley's QC, Edward Fitzgerald, told the court that none of her legal team had spoken to or been approached by journalists, and said the implication in the tabloid story that her lawyers may have been the source were potentially defamatory. The *Daily Mail* said it got the story through "entirely legitimate journalistic methods".

In the judgement, the three judges unanimously rejected Hindley's claims that first Michael Howard then Mr Straw last month had unlawfully given her a "whole life" tariff after she had earlier been given a provisional 30-year tariff.

Giving judgment, Lord Bingham ruled that Mr Howard's December 1994 decision that effectively ruled out hope of release for life tariff prisoners had been unlawful.

But Mr Straw's modified policy, announced last month under which prisoners who show "exceptional progress" could have their case reviewed, was held to be lawful. However, Lord Bingham said he was "uneasily conscious" that a wider question was not being considered. "There is room for serious debate [as to] whether the task of deter-



People's justice: An anti-Hindley demonstrator outside the High Court yesterday

Photograph: Ben Curtis

mining how long convicted murderers should serve ... should be undertaken by the judiciary or, as now, the executive."

The Lord Chief Justice said that Hindley, who was jailed in 1966 for the murders of Les-

ley Ann Downey, 10, and Edward Evans, 17, felt she was in prison simply because no Home Secretary dared face the backlash of releasing her.

Mr Pannick said that if Hindley now wanted her case reviewed on the grounds of

"exceptional progress", the Home Secretary would consider the matter.

Lord Longford, who has campaigned for Hindley's release on parole, said her imprisonment for life was "iniquitous". Winnie Johnson,

the mother of Keith Bennett, one of three other victims of Ian Brady and in whose murder Hindley admitted her involvement in 1987, said she was "pleased" by the decision but angered by Hindley's constant right to appeal.

Jailed former MI6 agent may try to publish secrets

A former MI6 officer was jailed for a year yesterday for unlawfully disclosing information about his work. But his imprisonment may not stop the 'secrets' being published, says Jason Bennett, Crime Correspondent.

Richard Tomlinson, a 34-year-old Cambridge graduate, yesterday became the first MI6 agent to be jailed under official secrets legislation since the Soviet spy George Blake, 36 years ago.

Tomlinson, who joined MI6 in 1991 and was dismissed in 1995, admitted passing a synopsis of a proposed book about his experiences in the Secret Intelligence Service (SIS) to an Australian publisher. He kept details of his proposed book in secret files on several computers.

Lawyers for MI6 argued that the information contained damaging information about operations and agents obtained by Tomlinson while working for the agency in Moscow, Bosnia and London.

Passing sentence at the Old Bailey the Recorder of London, Sir Lawrence Verner, said: "You showed a determination to publish information which you knew is actually and potentially harmful to the public interest. It remains the duty of the Court to pass a sentence which may deter others from pursuing the course that you chose to pursue."

"We are sadly conscious that it may not deter you," he added. This last reference is due to the fact that once Tomlinson has completed his sentence – he will probably serve another four

months in jail – there is nothing stopping him going to a foreign country, such as Australia, and publishing his experiences in a repeat of the *Spycatcher* affair.

He is the first person to be prosecuted under the 1989 Official Secrets Act. The court heard that Tomlinson had contacted Transworld Publishers in Australia after becoming bitterly disillusioned following his dismissal from SIS. His attempt to claim unfair dismissal through an industrial tribunal was blocked by Malcolm Rifkind, then Foreign Secretary.

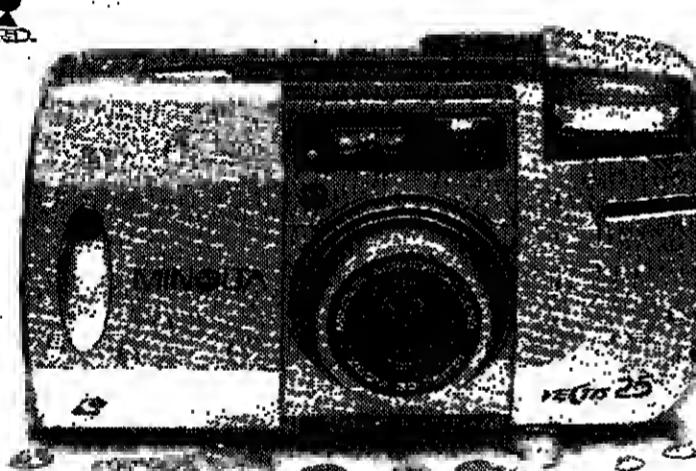
Nigel Sweeney, prosecuting, said that Tomlinson wrote to SIS saying that his treatment by the agency "made the formerly unthinkable step of contacting a hostile power as something I think of daily."

He also threatened to publish the book on the Internet, but later said it was a bluff.

Last February he signed an agreement with MI6 not to publish anything in return for a cash payment and help in finding work. SIS also arranged for some sessions with a psychiatrist. But in April he flew again to Australia to find a publisher for his book and told a commissioning editor that he wanted to reveal the "unscrupulous and immoral" actions of MI6.

He was arrested on 31 October by Metropolitan Police Special Branch at his home in Milton Keynes where they found copies of the book and chapters on personal computer and a larger machine at his home. A second computer with a copy of the book was stolen, although MI6 is suspected of being responsible.

John Wadham, Tomlinson's solicitor, said after the case that his "only crime was to produce the synopsis of a book which was never published".



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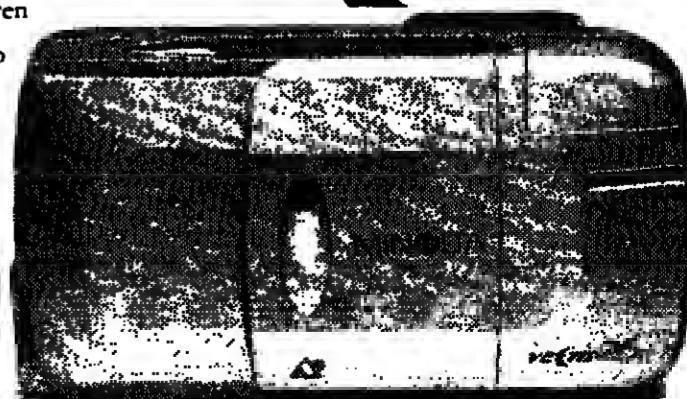
Front 30mm



to 50mm



to 75mm Zoom



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Revamped Louvre dusts off its fusty old image

Sixteen years ago President François Mitterrand decreed that the dusty, musty old Palais du Louvre should be opened up to the light and air. Today, President Chirac opens the last stage of a £600m expansion and re-design which makes the Louvre one of the largest, and most modern, art museums in the world.

It has taken 206 years but the ambition of the revolutionaries who evicted the French royal family from the Louvre in 1791 has finally been achieved. From today, the entire, immense, lobe-shaped complex beside the Seine will be opened to the public – an artistic city within a city in the heart of Paris.

More than 10,000 square metres of new exhibition space will be reopened, mostly in the older, eastern part of the Palace, the Sully Wing. The museum's vast collection of Greek, Roman and Egyptian art and artefacts will be displayed fully for the first time, making the

BY JOHN LICHFIELD

Louvre the world's second largest museum of Egyptology.

Apart from a few finishing touches, the internal rebuilding and re-fitting of the Louvre ordered by President Mitterrand in 1981 will be complete.

A new, underground entrance hall, topped by a controversial glass pyramid, was opened in 1989. The artistic colonisation of the northern, Richelieu, wing – occupied by the Ministry of Finance for 170 years – was finished in 1993.

The final stage, also including a restored "long gallery" for Italian and some French 16th- and 17th-century paintings, will be opened by President Jacques Chirac today.

Although hugely expensive, the restoration of the Louvre is already a thumping, public success. Since work began in the mid 1980s, the number of visitors has doubled to more than 5,000,000 a year. The "old" Louvre was a labyrinth of dusty rooms with cramped and jum-

bled displays, defended by legendarily grumpy attendants.

The average visit time was scarcely more than an hour (typically spent searching for the *Mona Lisa*) compared to three hours in comparable museums around the world.

The re-modelled Louvre is larger, more spacious but easier to navigate and has a revolutionary system of indi-

rect, natural lighting, using mirrors and ultra-violet filters to reveal, but protect, the works of art. It also has an underground car-park, lecture-theatre, shopping-centre and several restaurants.

Among the works on display for the first time, will be a restored statue of the Empress Sabina, wife of the Emperor Hadrian (2nd century

AD), parts of which were lost at the bottom of the Mediterranean until two years ago. The ship bringing the statue to France, from an archaeological dig near Carthage, caught fire and sank off Toulon in 1874. Parts of the statue were recovered but not the head.

A diving team recovered the missing items in 1995 and the rebuilt statue will go on

public display from tomorrow, most probably for the first time in nearly 2,000 years. Another of the displays contains a painted wooden sarcophagus of Marcus Antinous, a friend of Hadrian who drowned in the Nile.

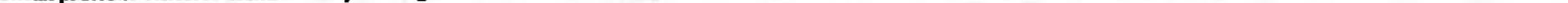
The centrepiece of the 30 new rooms devoted to ancient Egyptian artefacts will be an immense stone head of the

Pharaoh Amenophis IV. Elsewhere, an almost entire interior of a 4th-century Coptic church – presented to France by the Egyptian government – has been reassembled from a former amphitheatre. It is thought to be the only church-within-a-museum in the world.

The new galleries will be open from today and free to the public on Sunday and Monday from 6pm to 10pm.

Sneak preview: Visitors attend an early viewing of the wooden sarcophagus of Marcus Antinous which will be on show in the refurbished Louvre galleries

Photograph: AFP



Germany learns to love its bothersome poet

On Heinrich Heine's 200th birthday, Germany is at last learning to love her troublesome poet. Yet Imre Karacs finds that celebrating the life of the apostle of self-hating Germans still stirs controversy.

"Oh Germany! Land of oaks and stunted minds!" – Is it any wonder that the nation thus greeted by one of its greatest poets still does not see why it should feel flattered?

For two centuries Germans have been trying to come to terms with Heinrich Heine, the genius who loved his country so much he could not bear to live there. What is one to make of the Jew who embraced Luther, only to renounce the professional career lubricated by his conversion? Or the revolutionary who hated all dogma and was sickened by the smell of blood?

Heine drank from the cups of a wide range of philosophers, but discarded them all in his eternal quest for Utopia. He was a patriot who mocked nationalists, a romantic who denounced romanticism, a Francophile who held Frenchmen inferior to Germans – the "strongest and most intelligent nation". It was he who prophesied the destructive power of a fanatic people mesmerised by legends of the super-human.

Heine was, in the words of Germany's President, Roman Herzog, a "bothersome thinker". So bothersome, that

for the entire history of united Germany, the country's relationship to the poet – dead or alive – has been a mirror image of its own state of health. He and his works suffered under tyranny; tyrants withered under the invective of his prose.

Mr Herzog spoke earlier this month at the climax of an orgy of Heine: events marking the 200th anniversary of the poet's birth. The President was addressing a gathering of the great and the good in Heine's home town, Düsseldorf, at the university named after the poet.

This civic pride – if such exists – is a very recent phenomenon. The last time Germany tried to honour "Harry" 25 years ago, the professors of Düsseldorf's musty university took a vote on changing its name, and chose the reactionary path.

That was in 1972, four years after the great student revolts, and scholars balked at the prospect of having a revolutionary's name on their pay cheques.

At last Düsseldorf has extended its arms to the spectre of its prodigal son. The German fashion capital's university now bears the name of the poet. There is a Heine Institute, a plaque depicting the stormy love affair between Heine and Germany was unveiled last week, and the city boasts a flourishing industry in Heine memorabilia.

Even practitioners of the physical sciences are unable to stay aloof from all the fuss. The hero of the hour is Dr Wolfgang Hockenbeck of the local Institute of Forensic Medicine who,

upon analysing a lock of Heine's hair discovered elevated levels of lead.

So Heine's hair had 133 times the normal amount of lead, but no mercury, with which he was supposed to have been treated for syphilis. The implication is that Heine might have been murdered, possibly by his jealous wife, Mathilde, through Dr Hockenbeck admits that a list of possible suspects would run into millions: the offended German nation.

But away from trivia, and on to real controversy. For, in true reflection of Heine's enduring scandal value, a stamp issued in his honour did cause a furore. There was nothing wrong with the stamps, but at the edge of the blocks of them the designers had drawn little Germanic runes; the ancient symbols of birth and death. These, it turned out, had been greatly in fashion in the period between 1939 and 1945, and were used

to adorn the commemorative issue marking the assassination in 1942 of SS General Reinhard Heydrich. The Post Office withdrew the Heine stamps in a hurry.

So

the incident was judged to have been in very bad taste, particularly in view of the tribulations suffered by Heine's golden words at the hands of the Nazis. In 1933, Heine books ended up on the same pyre as Marx, for similar reasons; both had been bohème Jews. Heine's conversion to the faith of 27 cut me ice with Hitler.

But even the Nazis could not resist the poet's charms. Some of his work survived in school textbooks of the era. "Loreley", a haunting poem encapsulating the mythical magnetism of the Rhine, gave pleasure to millions of Hitler Jugend, who probably never guessed the true identity of "author unknown".

After the war, East Germany adopted Heine as the champion of the toiling masses, while

West German schoolchildren were taught that he had been known for his biting criticism of all things German.

To which Heine might have replied, as he had written a century before: "Paris is the new Jerusalem, and the Rhine is the river Jordan which divides the land of freedom from the country of the Philistines."

In his speech, President Herzog lauded Heine's "corrosive criticism" and invited contemporary intellectuals to learn from his example. Without such men, he said, "society will wither away". And a little wit and humour of the Heine variety would not go amiss, either, the President remarked in rather pointed fashion.

It seems that 200 years on, Germany could just about cope with Heine, though whether Heine would be able to suffer his armchair-bound compatriots today can never be answered.



Love and hate: Heinrich Heine loved his country so much he could not bear to live there and made his name by pouring scorn on his countrymen. Despite recent efforts to rehabilitate his memory, scandal continues to follow his name

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13/FOREIGN NEWS

Korea elects dissident as president

After receiving the biggest-ever emergency bail-out by the IMF, South Koreans scored another first this morning – the election of an opposition president. Richard Lloyd Parry in Seoul wonders whether Kim Dae Jung can be trusted with the world's most out-of-control economy.

A new and uncertain political era will begin in Seoul this morning when, as now seems guaranteed, Kim Dae Jung becomes the first opposition politician to be elected president of South Korea.

With two-thirds of the votes counted, Mr Kim held a small but consistent lead at the end of a election in which uninspiring campaigning was overshadowed by Korea's deepening economic crisis. By 2am, Mr Kim had won almost 40 per cent, compared to 38 per cent by his close rival, the ruling party candidate, Lee Hoi Chang, who trailed by 1 or 2 per cent throughout the count. The third of the leading candidates, Rhee In Je, a former member of the ruling party who split its support, had 19 per cent of the vote.

"Right now I can't feel this victory in my bones," Mr Kim told members of his party, the National Congress for New Politics (NCNP), early this morning. "The world is watching us and if we can't properly transfer power, it will affect the way the world looks at us. Even if I am elected, hardships confront us."

Opinion polls had for weeks predicted a close vote, but in previous elections, Korean voters have swung at the last minute towards the ruling party. This conservative tendency appears to have been cancelled

out by popular anger over the sudden collapse of the economy.

Mr Kim is a political institution in South Korea, a former dissident and political prisoner, who escaped execution and assassination under South Korea's military dictators.

He had stood and lost in three previous presidential elections, and more than once announced his permanent retirement from politics.

In a country previously dominated by conservatives, Mr Kim is regarded as something of a radical. But, apart from the symbolic value of an opposition victory – in a country in which democracy is only 10 years old – serious doubts remain about his ability to rescue the country from the grave economic crisis into which it has sunk.

Last month, South Korea became the latest and biggest victim of the wave of currency devaluations which have swept East Asia since the summer. In the space of a few weeks, the stock market has plunged and the Korean won has lost half its value, although the decline slowed this week thanks to a \$57bn bail out by the International Monetary Fund.

The rescue package is conditional on a set of harsh reforms which will almost certainly result in further bankruptcies and rising unemployment over the next year, and it has been denounced by trade unions, business associations and nationalist groups.

Last week, Mr Kim provoked a plunge in the markets when he said that he would renegotiate the terms of the deal if he was elected.

He later signed a statement with his fellow candidates giving the IMF full support, but the suspicion lingers that the deal is less safe in his hands than it would have been in those of Mr Lee.

MEPs, the butt of much public criticism for their lavish allowances and salaries, are facing pre-Christmas cutbacks aimed at cleaning up the Strasbourg assembly's gravy-train image.

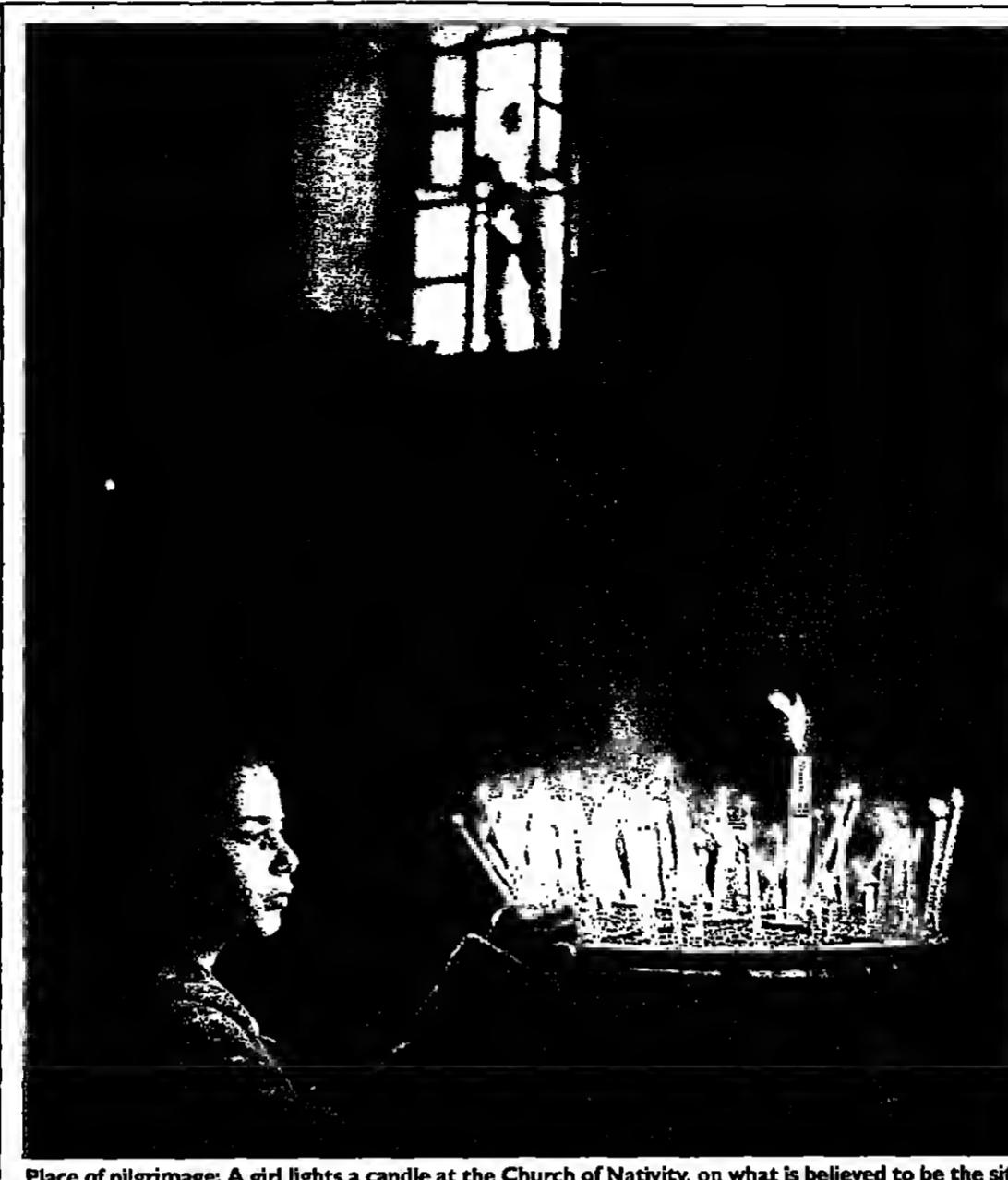
MEPs who fail to show up for at least half of all votes will lose half of their £175-a-day meals and accommodation allowance, under a decision taken by party managers and the

Parliament's president. The move comes amid fresh attacks after television documentaries in Germany and The Netherlands alleged to show MEPs signing on a register to collect their daily cash but then failing to take part in debates or votes. Some MEPs reacted to the unflattering exposure and to criticism of the cost of installing showers in their new offices £7,000 each, by demanding a

clampdown on media and television access to their buildings. An internal committee which has been studying possibilities for long-term reform has recommended harmonising salaries to end the system whereby deputies are paid the same as their national counterparts. Lavish allowances and expenses are designed in part to "compensate" the lowest-paid members for a system which al-

lows Italians to earn almost four times what their Irish or Greek colleagues take home. But party leaders, uncomfortable with the slow progress in restoring Strasbourg's credibility, recognise they must demonstrate they are trimming the scope for pocketing huge profits on travel and meals reimbursements.

— Katherine Butler
Brussels



Place of pilgrimage: A girl lights a candle at the Church of Nativity, on what is believed to be the site of Jesus's birthplace, as Bethlehem prepares for an influx of visitors

Photograph: Jacqueline Larma

Brakes put on MEPs' gravy train**EU freezes £5m Tibet aid after aid worker is excluded**

The European Union has frozen a £5m development project in Tibet after the authorities in effect expelled a British aid worker from Lhasa by refusing to renew her work permit.

Sir Leon Brittan, vice-president of the European Commission, will postpone signing the final agreement for the 7.6m Ecu Panam project while officials try to establish why a Save the Children Fund (SCF) education expert has been forced to leave Tibet.

"We've stopped the administrative procedures in their tracks until we have clarified what happened," said a member of Sir Leon's office yesterday. The agreement had been due for signing before Christmas.

The 30-year-old British aid worker, who SCF requested not be named, had been based in Tibet for three years, improving village education in poor rural areas. Since she left for a holiday in July, she has been allowed back for only one week, with no explanation from

— Teresa Poole

Rescuers hunt missing plane

Greek rescue teams struggling to overcome rugged terrain covered with snow and low cloud had failed by nightfall yesterday to find a missing Ukrainian airliner with 70 people aboard. Search teams stretched across a mountainous region to the south-west of Salonika scaled back operations as darkness fell.

The Russian-built Yakovlev-42 plane disappeared from radar screens late on Wednesday as it prepared to land at Salonika after a flight from Kiev via Odessa.

Jamaican voters box clever

With the world heavyweight boxing champion, Evander Holyfield, on hand to help ensure a clean fight, Jamaicans went to the polls yesterday in general elections seen as the most significant in the nation's 50 years of suffrage.

Holyfield, representing the Carter Centre team of international observers, received a warmer welcome than any of the candidates and was mobbed by voters in poor suburbs as he toured polling stations in the capital. Former US President Jimmy Carter and General Colin Powell, whose parents were Jamaican, were also on hand to witness the balloting.

Peace, more than politics, was the key word as Jamaicans prayed in church services around the nation, for a voting day free of the violence of past years, notably 1980 when 800 people died. All soldiers' leave was cancelled and hospitals went on an emergency footing, but by late yesterday there were no reports of major incidents.

— Phil Davison, Kingston

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14/FOREIGN NEWS

Gunman keeps children hostage

A gunman was still holding two children hostage at a Texas nursery last night after a family dispute escalated into a siege drama. The man, identified as 33-year-old James Lipscomb, had taken 63 children and five adults hostage on Wednesday after storming into the Rigsbee Child Development Centre in the Dallas suburb of Plano.

He released 60 children the same evening after negotiations with police and the last of the adults early yesterday. But Mr Lipscomb broke off communication with the police around midday yesterday after releasing one of the three remaining children, a three-year-old girl said to be his godchild. He was apparently unhappy after seeing live pictures of her release on television. The po-



Children running from the Plano, Texas, day-care centre during the standoff between police and an armed man

Photograph: AP

lice said they feared the setback had jeopardised the progress already made and asked reporters to halt live coverage of the siege.

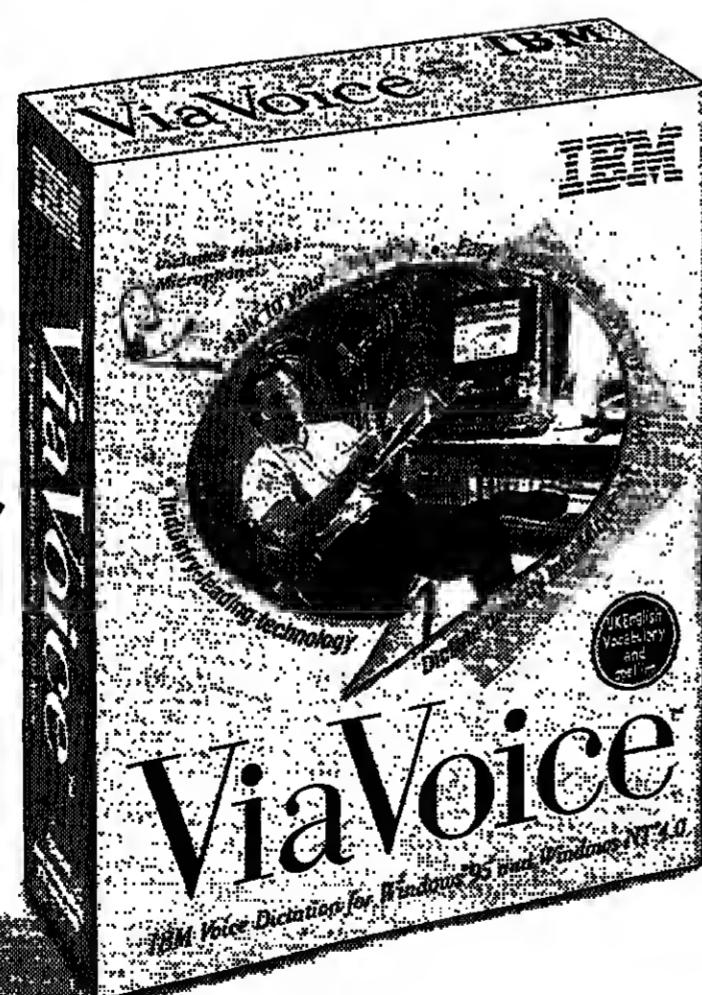
The two remaining chil-

dren were believed to be Mr Lipscomb's son, Monroe, and his stepson, Xavier. There was no information about what might have led Mr Lipscomb to storm the nursery. Despite

the breakdown of talks, police said they hoped the siege would end peacefully. "Everything seems to be going well," a police spokesman, Carl Duke, said. "The information

we have is that there are children and adults still inside. We don't know specific numbers but he is releasing people and we are making progress." Mr Duke said negotiators were trying to persuade the man to set the rest of his hostages free and surrender. "If everything continues the same, we think it can be resolved without any further problems."

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US rules out Bosnia troop withdrawal

President Clinton announced yesterday that US troops would remain in Bosnia after the June 1998 deadline and set no new deadline for their withdrawal. His decision came as Nato snatched another two war criminals, Mary Dejevsky and Andrew Gumbel, report.

Mr Clinton's announcement, at a White House press conference, amounts to an open-ended US commitment to keep troops in Bosnia for as long as it takes for peace to become – in his words – "self-sustaining". While insisting that the presence would not be permanent, Mr Clinton would not guarantee that the troops would be home even by the time he leaves office in January 2001.

In a rare admission for a politician, the US President said he had been "mistaken" in thinking that the Nato-led contingent would no longer be necessary after next June and said he did not want to repeat the error. However, the necessary Senate approval is likely to be granted only grudgingly and after acrimonious debate.

Mr Clinton – who will visit to US servicemen in Bosnia this weekend – said that in future there should be "achievable, concrete benchmarks, not a deadline" for the withdrawal of

troops. These included a trained civilian police force, functioning independent media and the return of more refugees. The setting of "benchmarks" represents a big tactical change.

The night before Mr Clinton spoke, Nato troops in Bosnia staged a dramatic dawn raid to capture two more men – this time Croats – wanted for war crimes at the international tribunal in The Hague.

A Dutch commando unit crept into the village of Sanici to the house belonging to Vlakto Kupreskic and then, as the signal was given, burst in. The man they were tracking had been charged with involvement in one of the most callous massacres of the war – the murder of more than 100 Muslim civilians in the village of Ahmici, near Vitez in central Bosnia, in April 1993. He had been living quite openly in the area ever since. Mr Kupreskic was shot at least three times in the chest, arm and leg.

He was then whisked off to Sarajevo for emergency surgery, and once it was clear his life was not in danger he was flown to The Hague.

The second arrest was an altogether quieter affair. Ante Furudzija did not know he was wanted by the international tribunal – he was a so-called "sealed" indictment – and he gave himself up without resistance. It was not clear last night what the nature of the charges against him might be.

Somali leader stays on

Mohamed Ibrahim Egal will remain president of the breakaway Somali republic after parliament rejected his resignation. Egal offered to resign, citing lack of cooperation from his government ministers who have in the past accused him of being high-handed. But Somalis dismissed his move as a ploy to secure his position with even greater powers.

Sithole murder verdict

Veteran Zimbabwean opposition leader Ndabaningi Sithole was sentenced to two years in jail for plotting to kill President Robert Mugabe in 1995. But Sithole, 77, was then freed on bail pending an appeal to the supreme court after his lawyers argued that he was too ill to go to prison. The high court also gave Sithole a suspended five-year term in prison on two other counts of possessing arms of war and of promoting terrorism to overthrow the government.

THE INDEPENDENT

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15/SPIES

Philby's widow tells of an Englishman's life in exile

As spies queue up to write memoirs, the life of a Cold War master-spy remains intriguing.

Now the widow of Kim Philby, independent reader and double agent, has written a memoir of life with the 'Third Man'.

Helen Womack interviewed Rufina Ivanova Pukhova about her version of events.

The Cold War may be over, but the legacy for Rufina Ivanova Pukhova, widow of the British traitor Kim Philby, is a cottage industry of KGB pensioners churning out dubious stories about her late husband as they seek to make money by writing memoirs. So tired has she become of this that she has written her own account of life with him, entitled "Island on the Sixth Floor" – a reference to the flat she shared with the former MI5 spymaster after he defected to Moscow in 1963.

"So many lies have been told about Kim," Rufina Ivanova said at a press conference yesterday. "But nobody knows better than I do how he lived here, what he felt. After all, I was married to him."

"Island on the Sixth Floor" is the highlight of a new book on Philby called *I Did It My Way* (the spy was a fan of Frank Sinatra) published in a limited Russian edition. The volume also includes *My Hidden War* by Philby himself, which Russian readers are seeing uncensored for the first time. And there are essays by Mikhail Bogdanov, who attended Philby's seminars on English life for KGB trainees, and by Mikhail Lyubimov, a Soviet spy who, after he was expelled from London in the mid-Sixties, befriended Philby in his Moscow exile.

"He was a great tragic figure of this century," Colonel Lyubimov said. "He was an idealist. An anti-fascist in the 1930s, you could say he was like George Orwell."

"He did not feel he had betrayed Britain," Rufina Ivanova added. "He was fighting fascism and we were all on the same side in those days, weren't we?"

Rufina Ivanova has been particularly upset by stories

about her husband's alleged depressions after he saw the reality of life in the USSR, which he had served through ideological conviction, rather than for money. One retired KGB agent has gone so far as to suggest that Philby was disillusioned enough to take his own life.

Leontid Kolosov, who spent his career under journalistic cover in Rome, admits he only met Philby twice but says he has no reason to doubt what he was told by a KGB colleague, now dead, and the Kremlin doctor, that the defector shot himself in May 1988. The official version was that he died of heart failure.

Lieutenant-Colonel Kolosov says Philby was very depressed when he met him at a KGB reception in Moscow a few months before his death, and

said he had fallen in his bath. I went to see him. He was very weak but brightened when he saw me. I wondered whether I should stay with him through the night, but then thought if I did that it might worry him, so I left. I got home at 11 in the evening. I couldn't sleep. I was very nervous. I took sleeping pills. At two in the morning, I put out the light. The next day I rang the hospital and they told me he had died at exactly 2am. I was not actually with him when he died. That was terrible."

Rufina Ivanova, an elegant and very kind woman, keeps the Island on the Sixth Floor more or less as it was when they lived there together, although need forced her to sell some items to Sotheby's in 1994 (her pension is less than \$100 (£62) a month).

The KGB allotted the Philbys, who feared being pursued by journalists, the perfect flat: hidden in the lanes behind the central Tverskaya Street. Only invited guests are told which archways and doorways will bring them to the apartment.

Inside, Philby's study is as he left it, with his history books and detective novels for sleepless nights. In the living room, his old Riga radio with beautiful ivory buttons is still tuned to the BBC.

"There were two main myths about Kim," said his widow. "One had it that after he came to Moscow he lived in luxury, like cheese floating in butter as we say in Russian. The other is that he descended into degradation and poverty. As you see, the reality is less sensational."

Philby's widow admits that when she first met him he drank heavily. But in 1972, he pulled himself out of his alcoholic depression. The KGB, which had kept him unemployed, began giving him work as a consultant.

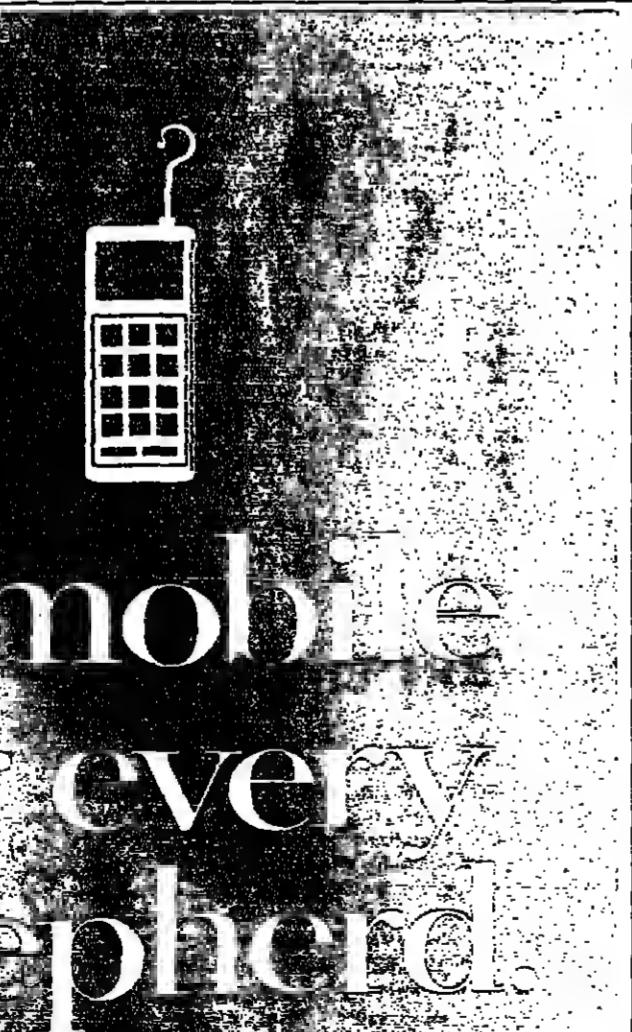
It was true, though, that many aspects of Soviet life did disappoint him. "He was particularly irritated by Brezhnev ... Gorbachev raised his hopes at first, but he got tired of his demagoguery. Of course, he would have been appalled by the poverty now; he had a great sense of social justice."

"The suicide story is rubbish, to put it mildly," Rufina Ivanova told me, at her home. Philby, she said, had gone into the KGB's closed hospital in Moscow for treatment to his heart.

"On the morning of the 10th of May, I began to worry. I rang his room but nobody answered. I rang and rang. Eventually a nurse picked up the phone and

he was nostalgic for England, which he knew was lost to him, although his children would visit from the West. 'But he was also realistic,' she said. "You know, he often used to say: 'The West has its defects too.'"

Rufina Ivanova has been particularly upset by stories



Kim Philby: 'So many lies have been told about him'

quotes him as saying that had he known Russia would turn out to be such a *bardak* (a vulgar word, literally meaning a whorehouse, used to describe a mess), he would not have wasted his life in its service. The retired agent also reads meaning into a comment Philby made to him and the journalist Vadim Kassis in an interview in January 1988. Asked if he had often used his gun like James Bond, Philby is reported to have replied: 'A true secret agent only shoots once in his life – when he has no other way out.'

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I rang and rang. Eventually a nurse picked up the phone and



Old times: Rufina Ivanova, widow of the master-spy Kim Philby, with her memoirs at the Moscow press conference. Photograph: Sergei Karpukhin/Reuters

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16/FEATURES

Pensions not Porsches, art not Armani

Successful City types have plenty to smile about this Christmas - many will trouser annual bonuses in excess of their annual salary. Purveyors of luxury goods and services may be rubbing their hands in glee, but, Meg Carter warns, don't expect the new Yuppies to be flush with their cash.

Can it really be just 10 years since the stripe-shirted young urban professional turned conspicuous consumption into a way of life? Much has changed since Recessions cured the Eighties myopia which led to a widespread belief that the good times would never end. Today, it seems, people simply don't react in the same way to having a rosy income.

Take Richard Emanuel, 30, managing director of DX Communications - a mobile phones business which he launched in 1991 and which now boasts a turnover of £50 million. "Today there's more of a focus on quality of life. There was a feeling then that the Eighties boom would last for ever. In the Nineties, however, you can't afford to just live for today. Rather than buy a Ferrari, people are spending to improve the overall quality of their life."

Alex Johnson, 33, director of PR firm Freud's, made a significant financial killing when the company was sold to advertising agency AMVBBDO two years ago. "People don't spend nearly as much on looking good as they did in the Eighties," he declares. "They're spending more on promoting the values close to them - if they have kids, they're spending more on their kids, if not they're spending more on their friends. It's less about attracting attention, more about gratifying people's nascent spirituality."

Really? Tell that to the young professionals eager to spend their thousands on designer suits, flash cars and deluxe inner-city pads. Business has never been brisker at up-market London estate agents Holden Matthews, trendy Islington. "There's steady demand for good houses in prime locations. Young bladers are looking for something central - especially converted commercial properties. They're willing to put down £250,000 for a first-time buy, while thirtysomethings with families are looking to trade up from a £350,000 house to £750,000 in one move," managing director Paul Williams says.



Jonathan Anstee

Fashionable mens' outfitter Ozwall Boating reports a rapid rise in the number of City types, barristers, media executives and celebrities popping in for an extra suit for Christmas. "We're traditional with a twist. A lot of men don't want to wear the classic Savile Row suit, unless they were born to that ilk," bespeaks consultant Daniel Seisay explains. Popular purchases of the moment include classic fabrics, gold pinstripe and, for the more adventurous, purple mohair and velvet, he says. Ready-to-wear suits start at £895. Bespoke suits tailored to an individual's requirements start at £1,700.

Meanwhile, upmarket travel firm Abercrombie & Kent is profiting from growing interest in the upscale adventure end of their trade. "There are still a lot of people from the City coming to us for an exclusive destination to get away from it all. There's steady demand for small, exclusive Caribbean destinations and, of course, Necker Island," says spokeswoman Allyson Eggison. But, she adds: "There's growing demand for

IN	OUT
Inner-city pad, preferably converted commercial space	Commuting from a country retreat
Avant-garde Italian, French and American designed furnishings, eg Scandirava designs by Gubi stocked by West End store Purves and Purves	Off-the-shelf items readily available in the Conran Shop and Heal's
Classic cars - like a Bentley, E type Jag or VW Carmen Ghia	Ferrari and Porsche
For the more flashy: bespoke, tailor-made clothes from trendy young designers. For the more discreet: jeans	Designer lines from Armani and Gucci - they're now seen as too mainstream
Platinum Tag Hauer	Gold Rolex
Moroccan and Pacific Rim cuisine	The Four-Hour Lunch
Discreet cocktails - like Vodkatini	Magnums of Bolly
Africa, Antarctica, Oman, Yemen	Thailand and the rest of the Far East
Pensions, PEPs, investing in feature films, fine wines and art	Spend, spend, spend

more challenging destinations or activities." These people need to get as far away from "reality" as possible, and they're more than willing to pay the price. So, their tailor-made trips now include 10 nights in Oman for around £2,000, 12 nights in the Antarctic, taking in the Falklands on the way from £5,000 and quad biking in the Kalahari at £196 a night.

But wait. It may sound like it, but Messrs Emanuel and Johnson have a point: "Ostentation has become more subtle in the Nineties," says Nick Kendall, group planning director at advertising agency Bartle Bogle Hegarty. One of BBH's clients is Audi, whose recent TV commercial lampooned yuppie values. The brash oak featured in the ad test drives and dismisses an Audi. "Not my style," he sneers. (Which for Audi and its discerning clientele was just as well.) Younger high flyers are increasingly buying classic cars rather than a Porsche or Ferrari, Kendall claims. Forget the Gold Rolex, the smart buy is a Platinum Tag.

"People are more careful," he believes. "They are more worried about showing it off and the trouble that can cause with growing tension between the wealthy and the larger, underclass. And they are more likely to put money into investment purchases - whether it's PEPs, pension funds or simply something that won't completely lose value in five years time."

Richard Emanuel is an earnest advocate of developing interests away from business - which is why he's learning to fly. Thirty-three-year-old Brian Dodsworth, meanwhile, has put money he made from selling shares in his previous employer, a drug delivery system manufacturer, into funding himself to study an MBA at one of this country's leading business schools. "I didn't make enough money to retire on," he candidly admits.

This can range from the seemingly indulgent to the coolly practical. "Yes I earn a lot but I work hard for it," says one thirtysomething trader who has spent the past seven years working for a US bank. "I spend on myself, on my family and on my friends but most of the money I make I invest. In 10 years time I want to be working for me. That's why I'm planning to invest in feature films. It will give me a foot in the door and it might eventually lead to a career change. By that point, of course, I'll be able to absorb the inevitable salary drop."

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Conscious of how insecure the job market has become, he decided instead to buy a sports car. "I decided instead to make sure I could move onwards and upwards and earn a shed-load of money elsewhere."

City boffins itching to get their paws on this year's financial bonuses should take note. For as well as delivering the biggest pay-outs on record (worth £1bn according to one estimate), 1997 has also been a year of fundamental change. The rollercoaster that now is the Far Eastern stock markets has left many leading banks with their fingers burned.

Meanwhile, a flurry of financial services mergers are now expected in the wake of the recent union between Swiss banking giant UBS and Swiss Bank Corporation. Barclays and NatWest are likely to follow. The net effect is likely to be that star traders, who can today command basic salaries exceeding £100,000 with bonuses of nearer £1 million, find themselves playing a high-risk game of musical chairs. Thousands of job losses are predicted in the City of London alone as a result of this shake-down. And those who remain may soon see investment houses adapting their remuneration packages. A growing body of research suggests that employees are no longer motivated by salaries alone. Says Martin Short of City headhunters Jonathan Wren: "Increasingly, financial package is only part of the equation. Of growing importance is how stable a future employer is and whether they guarantee relevant training and clear career progression."

The end result - high income and attractive amounts of disposable cash - may not sound so different from the Eighties, but the difference is how it is achieved and, of course, spent. According to Richard Emanuel: "It's hard to say at 30 when and if I will want to take early retirement. But the important thing is to make sure that in 10 years time I will have that choice."

JOHN LYITTLE

What the well-heeled homosexual really, really wants in his stocking

All five Spice Girls dolls: Grumpy, Bleached, Butch, Stuck-Up and Common
All four Teletubbies dolls: Judy Finnigan, Dale Winton, Christopher Biggins, Vanessa Feltz
Just one evening dishing the dirt with Anne Atkins' daughter
Advance copy of "Whigfield II"
A year's supply of eyelash dye

An end to the worldwide plague that is ... bobbling. And - what else? There was something ... Oh, yes. I remember. A care for AIDS (note: order of importance has been reversed)

Anything and everything in matt black

A high metabolism

An Irony Lady, ie a lady who comes in once a week to do the ironing, saving the busy homosexual the bother of having to do it himself

That little special something delivered to your door by Securicor

The entire set of Teenage Mutant Ninja Cross-Dressers Mud: for bath, body, face and flinging Action Man with gripping hands GI Joe, so Action Man has something to do with his gripping hands

Novelty condoms - the sort that play "Jingle Bells" or taste of mince pie or have a tip that lights up like Rudolph's nose. Perfect for your heterosexual siblings who, trust me, need all the novelty they can get

Barrel of Innuac DIY sex-change kit. Basically a pair of scissors, a frying-pan and a personalised horoscope from the pen of Russell Grant (one-year guarantee on working parts)

Big black book for the many, many, many names and telephone numbers you'd otherwise be too drunk to high/ too damn fabulous to remember

Any Oasis album - so there'll always be something in the house no one will give a toss about burning if this cold snap continues

Norman Tebbit voodoo figure. Pins not included Gaggle ice-cream machine Gaggle stomach pump

Barbie's combined dream house and lesbian disco Strategically placed tattoo, "no smaller than 12pt, in a distinctive or bold typeface", proclaiming "Abandon hope all ye who enter here", as specified by recent EU rope directive

Club mix of "I Lost My Heart to a Starship Trooper" Fun fur Stole, muff, chubby coat ... It's the thought that counts. And perish the thought Pink Power Ranger

Thong/sliding/nipple-ring/Prince Albert. (Readers wishing to know what a Prince Albert is, please send s/he, with parents' written consent, to John Lytle, "The Independent", etc)

Mapplethorpe/Weber/Hockney prints: the sort that must be removed from the walls in advance of visits from Mummy, Daddy or any New Labour MP Snow (to be taken internally)

Gilded mirror. It's the gift that just keeps on giving Gianni Versace's Miami mansion ... Oh, please - like it wasn't on the market the very next day

M&S underwear

Wallet-sized Identikit photo of Tony Blair's hairdresser. Available from Interpol, Scotland Yard, "The X Files"

Girl Power

Will power Big bags; woollen cardigan, beige or brown or covered with what shop assistants have been trained to call "a cheeful pattern"; le offending article appears to have dropped too much acid during the Sixties. A vital addition to your wardrobe if you're still passing for straight

Soap on a rope (for the rope, dummy)

Affidavit stating that every boyfriend you've ever had has seen the error of his ways, sobs uncontrollably into his pillow each night and wants you back in his rather under-developed arms. Signed in blood (this affidavit does not affect your statutory rights)

Bath cubes. They're fun!

Peace and goodwill to all men. Particularly the type who has the class to ring next day - whoever he is

A reason to believe (see above)

THE INDEPENDENT

A Present for Yourself

WIN the new Swatch Dect Telephone and a luxury break at Henlow Grange Health Farm



To enter this competition simply dial the number below, answer the following question on line and leave your name and full address:

Q: What is the name of the new Swatch Telephone?

Call 0930 525227

For further information:

Henlow Grange 01462 811111 (gift vouchers available)

Switch 0800 192192



Start the New Year refreshed and invigorated by indulging yourself with the ideal present for your home and yourself. At Henlow Grange Health Farm there is a wide range of treatments such as manicures, facials and reflexology - the ideal way to overcome the indulgence and stress of Christmas. This package is worth £1,400.

We are also offering the new digital cordless phone from Swatch - The Dect. The telephone is able to make and receive calls up to 50 metres from the base station indoors or 300 metres if you are outside, allowing complete mobility with crystal clear sound. Six handsets can operate from a single base station. You can also reach someone else in the house with the exceptional feature of free internal calls which can be made even when another external call is active on the same line.

Ffion, your hen night had nothing on this...

William Hague climbed up Ben Nevis for his stag do. Yawn. At least Ffion was up for The Full Monty on her night out.

But Glastonbury could really tell them a thing or two about how to let your hair down at a pre-nuptial bash...

Ffion Jenkins and my friend Frog have never met, but this weekend they might - sipping cocktails on the veranda of the Lake Palace Hotel in Udaipur, Rajasthan. They have married in the same week and are honeymooning at the same hotel. The most significant thing that the two newlyweds share, however, is their ability to beat the hucks at their own game. For when it came to celebrating their pre-nuptials, Ffion and Frog quite

simply outstaged the stags.

William Hague brought down the curtain on his bachelor days with a hike up Ben Nevis, by all accounts an outing as tame as it sounds. "It was all very civilised. We got up at dawn and headed for the hills," says the best man, Nick Levy. Afterwards, they had what he described as "cosy chats". MP Alan Duncan, the tory leader's political secretary and one of his six stags, says the day was "on the right side of decorum, under control rather than out of control." The Scotsman described it as "a case of men behaving sadly".

Meanwhile Ffion, 29, was making more hawdy arrangements. Her hen night was reportedly "a relatively raucous affair" with fellow members of the SWS (Social, Welsh, Sexy) Club. They went out on the town for dinner and on to a screen-

ing of *The Full Monty*.

Likewise Phillipa Shakerley, known to her friends as Frog or Ffion, if you like - went one step further in the laddishness stakes. She went to the dogs, in the nicest possible way. Last Saturday, at 6.45pm prompt, Dave the minibus driver drew up at Frog's front door. She went out to greet him, only to find: "I've come to pick up a party of bitches to take them down to the dogs." A kerfuffle of legs, bows and cleavages later, he realised his mistake. Twenty-one nubile, shrieking women clattered aboard their feather boas streaking behind them.

A trip to a health farm for women had been too wholesome: a gentle night-in discussing Janet Reiger underwear just not enough fun. "We wanted to be bitches for the night," says Frog, 27. "Linger, scampi and chips, wolf whistles and bei-

ting slips was my idea of a night out. The stags sat in a restaurant eating beef entrecôte and drinking bellinis. The hens' evening took place down at the Wimbleton dogs."

There was a surprise in store for Frog, too. When we arrived at the stadium, she was handed a programme and instructed to turn to the 10th race. There it was: "The Phillipa Shakerley Hen Night Stake (The Frog Race)." Trophy presented by Phillipa Shakerley. (For £150 anyone can sponsor a race.) Armed with greasy dinners, plastic pints of lager and packets of fags, we nested down for the night. Come the 10th race, we flew down to the pits for a punt on the big one. The fact that every other racegoer was on tenterhooks for the 12th, the Thringthorpe Investments Oaks Final, one of the high-points of the grey-

hound season, was lost on us.

"Oh, here come the Phillips," remarked one bookie, as we descended on the pits for the Frog Race. "Awe, bleedin' hell. It's the Spice Girls," said another. Moments later, Frog was chalking up the odds and fielding a barrage of proposals from punters. Her moment of glory came when she climbed on to her Astro turf platform to present the glass bowl to the winning owners.

Frog and Ffion are part of a trend, it seems. As then get tamer, women are gamier. Madame Jules, the transvestite club in Soho, has recently been overrun with hens. "We've had so many down here recently that we're really not encouraging it," says a spokeswoman. "We don't want the club full of girls."

Dave, our minibus driver, doesn't know how lightly he got off. And James, the token cock in Frog's hen party, had a narrow escape, too. The bride-to-be had wanted to top off her night with a quick circuit round the track: all 21 girls in hot pursuit of the one man. Fortunately, the manager refused. It might have been one fence too far.

18/LEADER & LETTERS

The new censor is there for everyone, and we need him



EDITOR: ANREW MARR.
DEPUTY EDITOR: COLIN HUGHES.
ADDRESS: 1 CANADA SQUARE,
CANARY WHARF,
LONDON E1 5DL
TELEPHONE: 0171 293 2000
OR 0171 345 2000
FAX: 0171 293 2435
OR 0171 345 2435

Post letters to Letters to the Editor
and include a daytime telephone number.
Fax 0171 293 2056; e-mail: letters@independent.co.uk
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Letters may be edited for length and clarity.

Soldiers and sex

Sir: Colonel Neil Donaldson's remarks (report, 17 December) about two women in Catterick, who may or may not have HIV, are very revealing about the Army's sexism.

It's fine for soldiers to be promiscuous but, at the first hint of danger, Colonel Donaldson accuses the women who have sex with these soldiers of being "liberal with their affections... and... not averse to indulging in casual sex, often unprotected" while his "young soldiers... are somehow vulnerable". Isn't it time that the Army started recruiting real men who are responsible for their own actions?

PETER J RIMMER

London EC2

Sir: Who knows that two local women are HIV positive? If the Army commander has indeed been informed of this, both he and the health services are guilty of a massive breach of confidentiality.

The wider danger is that this incident feeds Jack Straw's counter-productive proposal to consider making HIV transmission a crime. The truth is that we all have responsibilities for our own consenting sexual actions and government has a responsibility for providing more, better, and continuing HIV education and for supporting people living with HIV, who need privacy and confidentiality, not press hysteria and criminality.

JOHN NICHOLSON
Director
George House Trust
Manchester

Attack on disabled

Sir: I write on behalf of a group of relatives in the Cambridge area who care for Alzheimer's patients in our own homes.

We resent becoming an easy target for Blair's welfare "reforms" ("Blair is on a mission", 15 December). By all means let him crack down on fraudulent claims, but he must not use a scattered blunderbuss attack which harms those with genuine needs.

Several of us who are under 65 have given up good jobs in order to care for a spouse or parent. In some families where both the younger victim and a spouse who cares full-time can no longer go out to work, the



financial blow is horrific: I reckon that over the course of this very long and terminal illness my husband and I together will lose quarter of a million pounds in potential earnings. Taxing or means-testing the disability living allowance (DLA) hits a family when it is down and is immoral and offensive.

All of us greeted with hollow laughter the exhortation that people on benefits should be helped back into work. As carers, we receive £37.35 a week invalid care allowance for round-the-clock care of an extremely difficult nature. That works out at 22p an hour. We do a job which it would cost the state 10 times as much to provide in a residential home. Yet we carers are not allowed to earn, even if we were able to, more than £50 a week clear.

We hope that rebellious MPs will deliver the answer.

BARBARA POINTON

Thriplow, Cambridgeshire

Sir: If "Blair is on a mission" (report, 15 December), he must make some theological distinctions.

He is quite right to want to reduce the social security bill, but the social security bill is not the fault of the welfare state. Social security is a demand-led budget and measures failures in the real economy. He would do more to lower the benefit bill by

repairing the London Tube and by bringing down the level of the pound than by any changes in welfare he can imagine.

There are measures which social security can contribute to reducing the welfare bill and most of these the Taylor review of the poverty trap has in hand. Mr Blair must take care that in encouraging people into work he does not destroy the essential safeguard of a free market, that jobs must be made sufficiently attractive for people to want to take them. If he destroys this, he sets up a system of conscription, which in peace-time is unacceptable and unenforceable.

The one measure he has so far introduced which is likely to produce a significant reduction of the welfare bill is the national minimum wage, and on that I congratulate him.

EARL RUSSELL

Liberal Democrat
Social Security Spokesman
House of Lords
London SW1

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shop-lifters. But your hired man your fake shop-lifter, got away. That sends out the wrong message, Gerry."

"Oh, come on - I wasn't expecting the public to intervene!" protested Gerry.

"Normally, when you cry 'Stop Thief', the public is expected to stop the thief, not side with him. But my men were deliberately set upon to allow Lenny to get away with this decoy jacket he was making off with!"

"Did we get the jacket back?" inquired Don.

"Sure we did," said Gerry. "At least Lenny is honest! You may not get shop-lifters returning things, but you can generally trust an out-of-work actor. Especially if he hasn't been paid yet."

"Did Lenny have any comment to make on the cock-up?" said Don.

"No. Well, he did, but it was only a rather silly suggestion."

"Tell me."

"He said, jokingly, that we should have had two fake members of the public, played by actors, ready to leap out and tackle him."

"Two actors arresting another actor?"

"Yes."

"I like it," said Don. "Do it."

They did it. Lenny ran away again, and was again pursued by the security men, but this time he was stopped in his tracks by the two actors in the crowd, who, disguised as real people, leapt out and put him in a terrible arm-lock.

should not be too impressed by the vivid tableau, often painted, of the racketeering defences of civilised values being swept away by a tide of unstoppable filth, much of it foreign. Satellite broadcasting and the Internet certainly pose new and difficult questions of cross-border policing. But the implied choice thus presented, that we should either abandon censorship or adopt a repressive policy of national authority, is a false one. Just because breakdowns occur, there is no reason to legalise burglary or shoot all burglars.

The only sensible policy is to engage in the argument to establish clear rules and guidelines, accept that some dirty water will find its way past the defences and to attend always to the causes of things rather than to superficial phenomena. This last is perhaps the most important. We must move the debate on from the pointless attempts to "prove" that screen violence causes real violence. Apparently a Home Office study to be published next

month will "demonstrate" a link between violent films and the behaviour of young offenders. Of course there is a link. Not in the simple sense that Dustin Hoffman suggested last year, when he asked if there was a connection between Hollywood's products and the massacres in Dunblane and Tasmania. Sick people will do sick things regardless of whether they have seen *The Terminator*. But the forms their madness takes will always be shaped by something, be it popular culture, religious visions or media reporting of the actions of other sick people.

Censorship cannot be decided on the basis of what might send deranged people over the brink, but rather as a kind of collective agreement that enables a society to run along together. It needs to reinforce the rules we set for acceptable behaviour, while allowing the expression and understanding of irregular behaviour. Young offenders may choose to watch films which suggest to them that violence is a good way of resolving disputes or asserting identity. But they will only act on those assumptions if there are no countervailing forces in their families or social groups.

Film-makers and censors need to worry, then, about violence with no moral context, or presented as a source of sexual pleasure. Difficult judgements have to be made, particularly about artistic exploration of the darker side of the human character, but just because they are difficult does not mean they should not be attempted.

Sex, on the whole, should worry the censors less. It too needs to be seen in the context of social rules which enable us to co-exist in mutual respect. If people want to play voyeur on filmed acts of consensual sex, few of us can think of any good reason for preventing them. The only argument against pornography (minus violence) is the continuing concern about the portrayal of women. But that is a matter for social concern, not legal repression.

For these reasons, the system of age

classification is a good one. It helps to manage the transition of responsibility from society as a whole to the parent. The primary responsibility for ensuring that children understand and learn from what they watch lies with parents or guardians, and the system provides a useful guide to what sort of thing to expect.

Most importantly, the censors should be confident that they can account for their decisions, because all they are doing is acting as our proxies. One reason for welcoming Andreas Whitram Smith's appointment is that the BBFC has undermined the case for censorship by a series of inconsistent and mistaken rulings in recent years. Jack Straw was right to break the convention that Home Secretaries will rubber-stamp an appointment decided on the basis of Buggin's Turn, and for using his power of veto to install a new broom. We hope and expect that this new broom will bring a coherence and a credibility to the regulation of public taste.

Rail by road

Sir: The practice of transporting trains by road (Letters, 13 December) predates privatisation and has nothing to do with access charges imposed by Railtrack. It is inextricably linked to the lack of a level playing field in transport costs.

As a result of rail privatisation, for the first time in nearly half a century the real cost of using the network, including external costs such as policing and environmental management, are now known and are passed on to train and freight operating companies. If the price of hauling a train by road included external elements such as environmental clean-up, traffic policing and a contribution towards the cost of congestion to business, rail might be the more cost-effective option.

MIKE GIBSON

London E15

Sir: The still nationalised British Rail accepted several years ago that its enormous consumption of diesel fuel would be much less expensive if delivered by road tankers, rather than by its own rail system.

As long as this ridiculous situation is allowed to prevail, Britain's roads will continue to be choked by HGVs. It must make both economic and ecological sense for the rail network to be the main freight distributor, with road transport taking over for the link from the rail-head to the final destination.

J WYSE
Birmingham

London shunned

Sir: I suspect your survey comparing French and British attitudes to each other (17 December) makes the mistake of taking London as the voice of Britain. I doubt whether 50 per cent of British people would wish to live in London, let alone the French.

JAMES T HIRST
Nottingham

Fashion fan

Sir: Loved your lingerie feature (17 December). Could we please have more of the same, with the same model if possible ... perhaps on page three in future?

NORMAN HOUSLEY
Leicester

The whole shopping centre was in on the act – even Father Christmas



MILES
KINGTON

Today I bring you the second and final part of our Christmas story set in the tough world of retail trade.

There is far too much shoplifting going on in the treddy Atrium shopping mall, so general manager Don orders security head Gerry to show that his security men mean business. Gerry seeks publicity by getting out-of-work actor Lenny to pretend to be a shop-lifter. Lenny is pursued by two guards down the street, where the public step in – and beat up the security guards! Now read on.

"This wasn't the sort of publicity we were looking for, Gerry," said Don. "The idea was that you would show how good your guys are at spotting, chasing and apprehending

shop-lifters. But your hired man, your fake shop-lifter, got away. That sends out the wrong message, Gerry."

"Oh, come on – I wasn't expecting the public to intervene!" protested Gerry.

"Normally, when you cry 'Stop Thief', the public is expected to stop the thief, not side with him. But my men were deliberately set upon to allow Lenny to get away with this decoy jacket he was making off with!"

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"Two actors arresting another actor?"

"Yes."

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They did it. Lenny ran away again, and was again pursued by the security men, but this time he was stopped in his tracks by the two actors in the crowd, who, disguised as real people, leapt out and put him in a terrible arm-lock.

Unfortunately, this annoyed the rest of the crowd, who didn't like to see an unfortunate shop-lifter set on by the forces of righteousness, and they liberated Lenny the actor by giving him a little hit of force against the security guards.

Lenny brought the jacket back again.

"Tell you what," he said to Gerry. "Why don't you have a couple of actors standing by dressed as policemen? Then they could weigh in and rescue me from the actors dressed as members of the public!"

"I think you'll find," said Gerry heavily, "that it's an offence to impersonate a police officer."

"No, it's not," said Lenny. "Jack Warner impersonated Dixon of Dock Green. Those

blokes in Z Cars did it too, and so, I believe, did John Thaw as Inspector Morse and none of them was ever arrested for the crime!" Also ..."

"Yes, yes," said Gerry. "I get your point."

The next time it happened, Lenny ran away with the jacket and was apprehended by two members of the public (played by actors) who were supported by a policeman (played by an actor) who was unfortunately impeded by the public (played by themselves) and Lenny got away again. He brought back the jacket again (Armani copy, £229.99).

"We could have the public all played by actors next time," said Gerry hopefully. "Every spectator, every bystander. All fake."

"I think we've turned the corner," said Gerry, when he went for his quick daily meeting with Don. "Crime is down, impersonation is up. At this rate, all the shopkeepers will be played by actors as well!"

There was no reaction. Then Don turned round. But it wasn't Don! It was someone else!

"I'm afraid Don couldn't make it today," he said. "I'm standing in for him."

The funding for this story has been provided by Equity, the actors' union. This Christmas time, please don't forget out-of-work actors, and please try to use them whenever possible. They can masquerade as anyone – your in-laws, card singers, waiters at parties etc. They're cheap and they're cheerful, and usually house-trained. You won't regret it!

19/COMMENT

Cook or Dewar: which will be First Minister?

DONALD MACINTYRE
SCOTLAND'S NEW LEADER

On his recent visit to Budapest, Robin Cook publicly said twice that he looked forward to returning one day as the Foreign Secretary of one EU member state visiting another EU member state. On the face of it, this was a polite but unremarkable piece of diplomatic orthodoxy: giving a welcome push to Hungary's desire to join an enlarged European Community. To the augurs of Scottish politics, however, it is pregnant with significance. For if Cook meant what he said, he must finally have ruled out the prospect of him becoming the first First Minister of Scotland. On no possible timetable of EU enlargement could Hungary join the EU before Cook would, if he chose to make his career in Scotland, have to take a seat in the new Scottish parliament, forsake the Foreign Secretariat, and stand for the top job in Edinburgh.

But did he mean what he said in Budapest? Last weekend, *Scotland on Sunday* set pulses racing with a story suggesting that Cook and Donald Dewar, Scottish Secretary, and hitherto the man most frequently tipped to head the new Scottish executive, had reached a tentative and informal deal – version of the famous Granite pact under which Gordon Brown abandoned his leadership ambitions in favour of Tony Blair. Allegedly, Dewar would stand aside, perhaps seeking instead the speakership of the new Scottish parliament, and allow Cook a clear run at the First Ministership. Liberated from the shackles of collective cabinet responsibility, and from a punishing travel schedule which inevitably removes him from the forefront of domestic politics, the most articulate figure on the neo-Keynesian left in British politics would thus become the most powerful man in Scotland. He would be free at last to put some of his economic and social ideas into practice: socialism in one country. And the ever-modest Dewar would withdraw to relative obscurity, confident of his place in history as the chief architect of the transforming devolution Bill, which he published yesterday and will triumphantly pilot through the Commons next year.

Certainly, such a course would have great attractions for Cook. He shows every sign of enjoying being Foreign Secretary and Tony Blair is said to be among those who regard him as a conspicuous success in the job, particularly in European negotiations. But before he was made shadow Foreign Secretary by Blair and applied himself to the job with all the diligence of the precocious schoolboy swat he once was, Cook's principal interests were still in domestic politics. And it's difficult to see, as long as Blair remains Prime Minister, what Cook's next career move

could be in London. It's scarcely possible at present to imagine Brown vacating the Chancellorship. But even if it wasn't, Cook himself probably accepts deep down that, however well qualified he may be intellectually to go to the Treasury, he would be ideologically unsuitable to do the job in a Blair administration. The Home Office is already pretty well precluded, given that he is a Scottish MP and that the Home Office's writ is mainly confined to England and Wales. It would certainly be so once the Scottish Parliament was in being. This leaves only the sort of cabinet jobs that after the Foreign Office would seem a bit of a let-down, and beside which the First Ministership of Scotland might be a truly thrilling prospect.

So last weekend's story has a superficial plausibility. Cook has not finally made up his mind whether he wants the job; he will no doubt be thinking about it over Christmas. And it's theoretically conceivable that Dewar would stand aside for him. But don't bank on it. First the strength of Dewar's own claim on the job should not be overlooked. From Blair's point of view he would be an ideal choice. Everything Dewar has said over the past couple of years suggests an anxiety to ensure that the Scottish Parliament beds down with a minimum of friction with the UK administration. For all his brilliance Cook might be less, well, predictable. To take just one example, it's easier to imagine Cook chafing at the Labour Party ordinances against use, in the first term of the new parliament, of its tax-raising powers.

Secondly there would be something highly appropriate about Dewar, happier in politics than he has ever been, becoming the first incumbent of a job that he has been so proud as Scottish Secretary to create. Thirdly – though this is a point that will irritate supporters of a Cook First Ministership – Dewar has believed in the Scottish Parliament throughout his political career. By contrast Cook is a (relative) late-comer to the cause of the Scottish parliament, having been a prominent opponent in the 1979 referendum, and having only become a convert after the 1983 general election when Labour slumped to its worst post-war defeat despite success in Scotland. Finally, there is no sign whatever that Dewar has remotely lost interest in taking the job – rather the reverse. Nor is there any reason why, at only 60, he should.

In theory, the First Ministership need not be decided until after the Scottish Parliament elections in May 1999. Formally it is the new parliament that elects the First Minister. Yesterday, briefing on the Bill in London, the Scottish Office minister Henry Macleish declined to confirm absolutely that Labour would enter those elections with a clear candidate for the job at its head. But all the other parties will have leaders: it would be an unthinkably severe handicap for Labour, virtually certain to become the biggest single party, not to be led at the elections by one clear candidate for the top job. And in any case, Cook would have to decide by the middle of next year whether to stand for the Scottish Parliament. He is nine years younger than Dewar; he could yet stand as the second First Minister. These are deep waters: it is unlikely that Cook has yet altogether ruled out the possibility of standing against his old adversary Brown for the UK Prime Ministership in the hugely unlikely event of Tony Blair suddenly bowing out. Eas-

ily the best guess is that Cook told the Hungarians the truth.

Fear of Aids is not the only thing that frightens the modern soldier

SUZANNE MOORE
ON WHY OUR SOLDIERS CRY

It does not take that much to bring the British army to its knees. I'm not talking chemical warfare here. Something far more deadly has emerged as a serious threat to the safe-keeping of our boys who have been put on slapper alert. Two 19-year-old women living in North Yorkshire have been identified as a threat to, according to *The Sun*, "5,000 troops", because they were said to be deliberately spreading the Aids virus.

This story was prompted by the fact that the garrison commander of Catterick had earlier in the week posted a warning to his troops around the base. This warning said that a confidential source had told him that "at least two females living in the geographical area of Catterick Garrison have contracted the Aids virus and are HIV-positive. These same females are believed to be liberal with their affections, particularly to soldiers, and are not averse to indulging in casual sex unprotected". Commander Donaldson has since defended this action by saying: "We have a duty of care. We have a lot of very young soldiers who are rather vulnerable."

The two women, who have been practically tarred and feathered by the tabloids, are also perhaps vulnerable. They have not been entitled to any privacy. We know their names, their faces, what one of the estranged husbands thinks, what other people in the village have said about them. One of the women has had her windows broken and has been ostracised by the rest of the village.

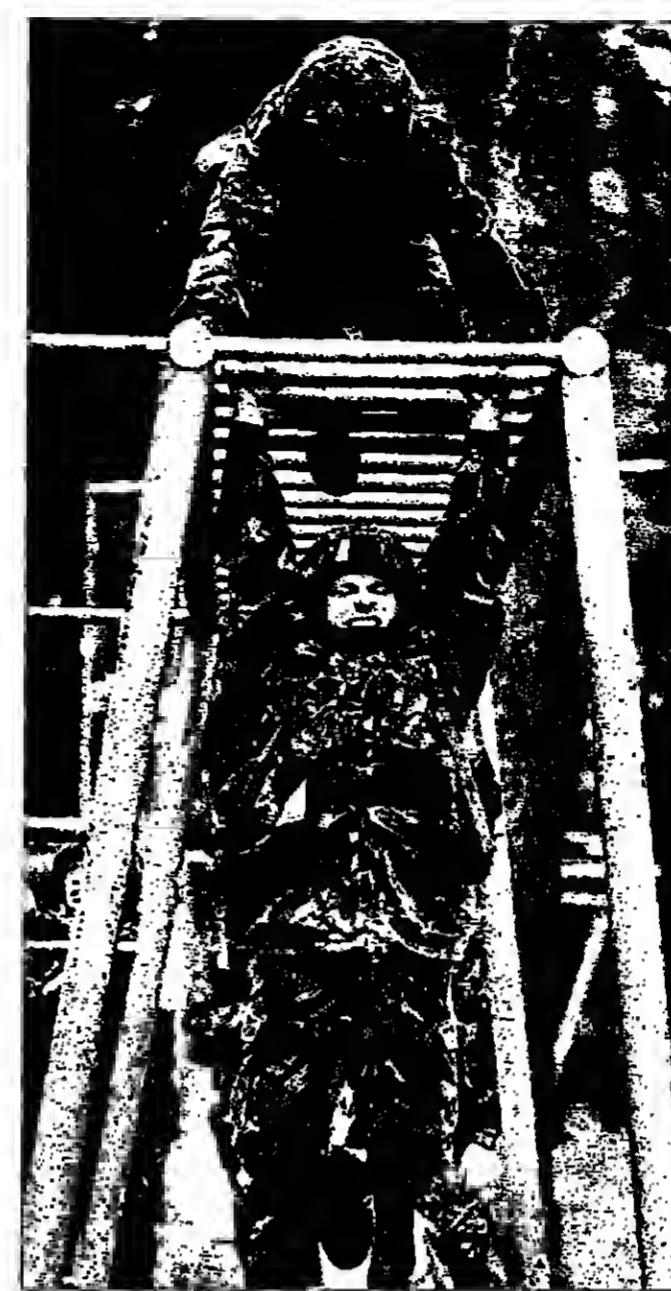
All of this strikes me as little more than malicious gossip, rumour-mongering elevated to the level of news. How did Donaldson's confidential source know that these women were HIV positive? Had he seen the results of these women's HIV tests? No. Because the women had not had them. Yesterday one of the women, who has since been tested, announced that she was found negative.

One hundred soldiers at the base have also sought medical advice. Of course these soldiers are not to be named, nor will we ever know what sexually transmitted diseases they may or may not have. Donaldson could easily have issued a safe-sex warning without scapegoating particular women.

However the whole tone of this "story" has been positively medieval: from the bizarre language of the army bards – "females" used instead of "women" – to the witch hunt of *The Sun*, which informed us that one of the "girls" doesn't deserve to be a mum. I take it then, that the 100 soldiers who were also possibly "liberal with their affections" do not deserve to be dads. Yet our sympathy is supposed to be with the poor young squaddies, 20 of whom are reported to have broken down in tears.

This is presumably what

made Sir Michael Rose, one-time commander of the UN Protection Force in Bosnia, write an article that *The Daily Telegraph* chose tellingly to headline "Why European women and homosexuals threaten our armed forces". This unholy triumvirate, which has apparently done so much to undermine the status of men in civilian life, must not be allowed to affect our boys. Why? Well, our boys



The real assault course is one that the Army does not know how to protect its soldiers from: the unholy triumvirate of Europe, women and homosexuals

Photograph:
Craig Easton

as a kind of homo-erotic form of male bonding, but one that is apparently a traditional and acceptable part of army life.

In such a context women, whether in the army or outside it, are always going to disrupt this uniformity of masculinity, which is remarkably seen as devoid of sexuality. As Major-General Ken Perkins wrote in a letter to the *Telegraph*, "In war, there is already enough tension in the front line, without introducing an unnecessary element of sex." The admission of women and gays into the Army means that sex will presumably be thrust onto the agenda where it was strangely absent before.

The question that needs to be asked is whether the Army should be reflecting in any way at all the changes that have taken place in the rest of society or should it further isolate itself from them? Surely the more it "protects" and infantilises its members, because of the need for "soldiers to be different", the less any one will choose this archaic career. In common with so many of our institutions, it has to modernise; and modernisation means that the old enemies of femininity, homosexuality and racial difference have to be incorporated into its ranks rather than excluded.

To judge by this week's events featuring devouring women and cry-baby soldier boys this is virtually impossible. The fear and loathing of "females" expressed by officers, squaddies and newspaper reporters alike has been shameful, but in its own terrible way thoroughly revealing. If 5,000 troops can't cope with two promiscuous teenagers, then it's hard to imagine that these same lads will be potential heroes when it comes to anything more demanding. Clearly, as long as these men are encouraged to treat women as an entirely separate species, it's unlikely that they will want to serve alongside them on the front-line.

Those of us not in the Army might also wonder about the issue of sexual responsibility. Why has it fallen entirely on the women and not the men in this case? In a neat role-reversal, these men, supposedly tougher and more manly than normal men, have been portrayed as blubbering victims of the wicked witches of the North. But if these men are victims at all, they are victims of the Army itself which insists on fighting a losing battle.

Appearance and reality in the land of opportunity**MARY DEJEVSKY**
LYING IN AMERICA

Were you ever told not to hide your light under a bushel? In competitive, performance-gated America, such Biblical advice seems quaintly timid. Here, it is a rare creature indeed who lingers in the shadows. Everyone else is out there shining for all they are worth, determined to catch whatever limelight may be going as well.

Sometimes, though, the pressure to shine as brightly as America expects calls for booster batteries and borrowed power, and the attendant risk of exposure. The past week has furnished two notable examples: the one tragic, the other

comic (or nearly), and both instructive.

Pity poor Larry Lawrence, a millionaire businessman from California grown rich in the hotel business. Wealth alone was not enough for him. Lawrence craved respect, influence and public office. He donated cash to the Democratic Party, gained access to its most luminous star – a certain Bill Clinton – and was rewarded in the fullness of time with an ambassadorship.

On his way to recognition, however, Lawrence embellished his CV with an episode of war heroism – an injury sustained while trying to save crewmates during an attack on the Arctic convoys in the Second World War. In life, he got away with it. In death, by an accident of Washington politics, he was found out. Half a century after his fictitious exploit, he fell victim to Republican charges that Democratic Party donors had been able to "buy" burial plots at Arlington cemetery. Last week, Lawrence became the first person to be disinterred from the nation's military burial ground.

The irony was that he may not have needed a military history to be buried at Arlington; his death in ambassadorial ser-

vices might have sufficed. But his lie had been exposed, and America shows no mercy to those who defile what it holds sacred. "Dig Him Up" was the headline on a New York tabloid, even before his widow proposed that very solution.

The other CV polisher was Al Gore, the Vice-President. He told reporters that he was the model for Oliver Barrett IV, the "preppy" law student hero of Erich Segal's *Love Story*. That Al and his wife – then girlfriend

– Tipper had been the prototypes for the tragic couple did the rounds of the gossip columns for days – with never a word of denial or clarification from the Vice-President or his PR team – until Segal turned up to set the record straight. Al was half of Oliver, he explained: the staid, pressurised, son-of-famous-father half, not the creative, sensitive half. Tipper was nowhere.

These two tales, the tragic and quasi-comic, seem almost forgiveable beside other ego-boosting deceptions of recent memory. Lawrence was disinterred only weeks after a federal judge in California, James Ware, withdrew his name as an appeals court nominee. He had been forced to admit that he was not the brother of a boy

who had died in an Alabama racist shooting. Although, he had told the tale for years, he had finally to concede that they were not related.

Then there was Admiral Jeremy Boorda, who committed suicide after being exposed by a journalist for wearing medals to which he was not entitled. And further back was the case of Janet Cooke, winner of America's most prestigious journalism prize, the Pulitzer, for a feature about child drug addicts that was pure invention. Her CV was fictitious, too, claiming a degree from the elite Vassar College.

Disparate though these cases seem, they have something in common beyond the boldness of the invention and the fact that they were found out. The perpetrators all wanted to improve themselves, and the establishment they aspired to wanted desperately to believe them, each compensating for his or her own inadequacy.

Larry Lawrence, perhaps over-cruelly exposed now as a self-made man of shallow vanity, gave himself a heroic past. The stolid Al Gore gave himself a trait of romantic spontaneity. Judge Ware, whose first error, like Gore's, may have been to allow someone else's

mistaken assumption to stand, gave himself a civil rights history he did not have. The admiral awarded himself additional distinction. And Ms Cooke gave herself an elite degree, without which – as a former colleague of hers conceded – she would never have got a look-in at the *Washington Post*.

But the CVs treated as advertising rather than history, all might be well; but they are not. And while legions of "fact-checkers" sift pre-publication articles and books for errors, the checking of career histories goes by the board. One call to Larry Lawrence's college would have rumbled his military claims, one check on Judge Ware's family, one call to Vassar College about Janet Cooke would have established the truth. But the truth is not something Americans are in hurry to find out.

In fast-moving, success-oriented America, the temptation for ordinary but aspiring mortals to enhance their qualifications to fill in the perceived gaps is always there. The question now is how many more have crossed the line from enhancement to lies and got away with it – from those who understated their age and overstated their qualifications to enter the US in the first place, to those who pinned an extra medal on their breast?

The barest acquaintance with American CV-writing suggests that this is an art akin to advertising. Career resumes are designed to compete with

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FINANCIAL JOURNAL OF THE YEAR

Stock Exchange imposes record £350,000 fine on JP Morgan for manipulating the FTSE 100

The Stock Exchange last night handed out a record £350,000 fine to the US investment bank JP Morgan, after two traders tried to manipulate the market. To try to prevent further abuses, the Exchange is to intervene directly in New Year's Eve trading and has clarified its position on market manipulation. Lea Paterson reports.

JP Morgan yesterday announced it had fired the two traders who attempted to drive down the level of the FTSE 100 towards the close of trade on Friday, 28 November.

The bank said in a statement: "JP Morgan has concluded its internal investigation into the matter and two individuals have been terminated in its London office." A spokesman declined to name the individuals involved.

The Stock Exchange yesterday imposed a record £350,000 fine on the US bank after concluding its traders had

acted with "the sole intention" of moving the FTSE 100, in breach of Exchange rules.

The last time the Exchange fined a member firm was in March 1994, when J&E Davy, an Irish stockbroker, was fined £150,000 (£133,000).

The Stock Exchange said last night its investigation into the matter was now closed.

At the beginning of this month, the Exchange announced it was to look into unusual trading patterns at the end of November. In the closing moments of trade on 28 November, the FTSE 100 dropped more

than 30 points after substantial falls in the shares of Glaxo Wellcome and SmithKline Beecham, the pharmaceutical giants.

The two JP Morgan traders are thought to have taken advantage of late afternoon illiquidity in Sets, the Stock Exchange's new order-driven trading system, to drive down the level of the FTSE 100.

The traders are understood to have been hedging an over-the-counter options contract. In a separate development aimed at solving the problem of rogue closing prices on New Year's Eve, the Stock Exchange

announced yesterday it would not allow share prices to be determined solely by the forces of demand and supply on 31 December. Instead, Exchange statisticians will analyse closing prices for each FTSE 100 stock and will disregard prices they deem "exceptional".

Under Sets, traders type into an electronic order book the number and the price of shares they wish to sell (or buy). The orders then remain on the hook until they are matched with an equivalent buy (or sell) order, at which point the trade is executed.

Late in the afternoon, traders tend to remove non-executed orders from the book to avoid being caught out by overnight developments in the US and in the Far East. This means that prices on the order book at this time can be unrepresentative of the day's trade. As the last trade executed gives a share's closing level, trades executed in the late afternoon can give rise to so-called "rogue" prices.

To try to solve this problem on New Year's Eve, a day when closing prices are used for fund valuations, the Exchange has

calculated the average volatility of each FTSE 100 stock on a normal day trade. On 31 December, the Exchange will take the price given by the last trade in each stock and compare it with that stock's average volatility. A price deemed to be out of line with normal trading prices will be disregarded for the purposes of calculating closing values.

Closing prices, both for shares and for the FTSE 100, will be calculated from the last trading price that satisfies the "normality" test imposed by the statisticians.

Outlook, page 21

Fears for UK jobs as Kodak takes axe to 16,000

Kodak, the US photographic giant, yesterday stunned its workforce by announcing plans to cut another 6,600 jobs, on top of 10,000 already announced last month, in a \$1.5bn (£915m)

restructuring drive.

The news from the group, which is the world's largest producer of photographic film with 40 per cent of the market, raised the prospect of further job losses from its 5,000 strong British workforce. A US spokesman said most countries would be hit. "It would be fair to say the impact of this will be felt everywhere," he said, though there were no details of the regional breakdown.

Last month Kodak said it would cut 10,000 jobs worldwide, to save \$1bn, in the face of tough competition from Japanese rival Fuji. But yesterday the company revealed that the programme would see 16,600 job losses by 1999 out of a global workforce of 100,500.

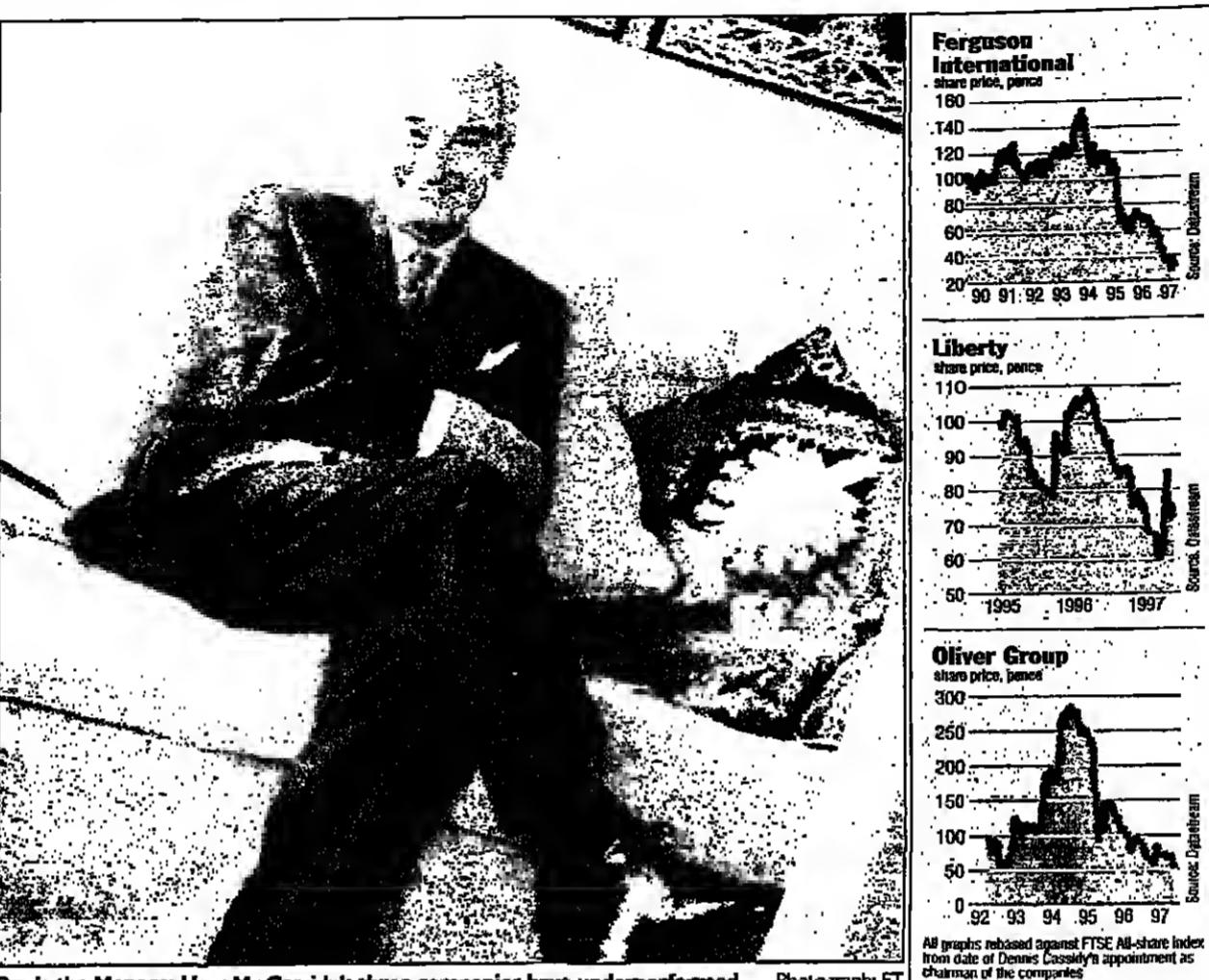
Kodak employs about 1,000 people at its base in Hemel Hempstead in Hertfordshire and 2,000 in Harrow, northwest London, where the group makes colour photographic paper. A further 600 staff are based at Annesley in Nottinghamshire and Kirby on Merseyside. The group's British operations made sales of £131m.

Previous restructuring have already taken their toll on Kodak's UK operations, where staff numbers have fallen from 3,400 to 5,000 since 1992. Part of the drop came when Kodak sold its UK photocopier business, employing 1,200 staff, to Danka. The global reductions are on top of 2,500 job cuts still to come from previous restructuring package announced late last year and another 800 revealed earlier this year. Kodak said it would take a \$1.5bn restructuring charge to fund the latest programme, half of which would cover redundancy payments.

Kodak's problems intensified this summer when Fuji slashed the US price of colour camera film by 20-30 per cent for some retail chains, in a concerted attack on the domestic market of its arch rival. Meanwhile, the US group has been preoccupied with new forms of digital photographic technology.

Last night Kodak shares, which had almost halved this year on the setbacks, rose by 5 per cent on Wall Street as analysts predicted a quicker improvement in profitability.

- Chris Godsmark



Denis the Menace: How Mr Cassidy's three companies have underperformed

Photograph: FT

Asda rules out hostile bid for Safeway as sales soar

Asda ruled out a hostile bid for Safeway yesterday as it posted soaring profits and rising market share. But as Nigel Cope, City Correspondent, reports, Asda has not dismissed the possibility of an agreed £9bn merger.

Asda's chief executive, Allan Leighton, moved to quell recent speculation that Asda might make a hostile move for Safeway after merger discussions between the two rivals collapsed in September. He said the regulatory difficulties that had scuppered the deal in the first place still remained. "And, anyway, hostile bids are not our style."

It is thought that the supermarket group, chaired by Archie Norman, is growing so fast that it may not need the year.

But he said the company did

not need a deal to improve the business. It plans to double the number of Asda hypermarkets from 15 to 30 over the next two years while other stores will be extended.

The comments came as Asda reported a 19 per cent increase in first-half pre-exceptional profits to £190m.

Asda's same store sales have increased by almost 9 per cent, well ahead of all its supermarket rivals, and its market share has increased from 10.6 per cent to 11.7 per cent. This is now well ahead of Safeway's share, which it reported last month as 7.8 per cent.

Analysts said the figures showed that Safeway was beginning to lose touch with Tesco, Sainsbury and Asda. "I think that in a few years' time we will be talking about the big three rather than the big four, whether Safeway gets taken over or not," one analyst said.

Asda shares closed 7.5p higher at 178p.

Outlook, page 21

BSkyB suffers another defection

BSkyB has suffered another senior defection, in the same week that four cable operators put the final seal on a pay-per-view service to rival the satellite broadcasters.

Bruce Dunlop, director of promotions and creative services, left the company earlier this week, it emerged last night. His departure coincided with the announcement from a consortium of cable companies that they have formed their own pay-per-view outfit, called Front Row.

The service, which is backed by Telewest Communications, NTL, Diamond Cable and General Cable, will offer "movies-on-demand" to cable customers with films from Warner Brothers and Columbia Tristar. It is being hailed by the cable industry as the first successful challenge to BSkyB's stranglehold on programming rights.

However, some critics said yesterday that Front Row, which plans to launch in February, had been enfeebled by the withdrawal of the largest UK cable company, Cable & Wireless Communications, from the consortium. C&WC will be taking BSkyB's pay-per-view operation, Sky Box Office.

Mr Dunlop said he had left BSkyB after "we both decided Elisabeth Murdoch [BSkyB's general manager of broadcasting] wanted to do things differently." He was responsible for building BSkyB's brand, and took charge of the company's successful sports promotions.

Mr Dunlop's exit follows the resignation of Sam Chisholm, formerly chief executive and managing director, and his deputy, David Chance. Mr Chisholm, who poached Mr Dunlop from Australia's Channel Nine, stepped down due to ill-health. However, his departure has sparked a series of senior management changes, which have knocked the share-price.

- Cathy Newman

Cassidy quits on second profit warning

Denis Cassidy, who was ousted as chairman of Liberty last week, yesterday announced that he would resign as chairman of Ferguson International after the label manufacturer issued its second profit warning in six months.

The news rounds off a dreadful year for Mr Cassidy, during which all three companies he chairs have been in trouble. He lost his job at Liberty when a group of disgruntled shareholders called an extraordinary general meeting and voted him out.

Meanwhile, shares in Oliver, the shoe retailer where Mr Cassidy has been chairman since 1992, have fallen by a third this year as the company has

struggled with sluggish high street sales. Ferguson has also proved problematic. In July, chief executive David Wilson resigned after less than a year in the job when the company said interim profits would fall below expectations.

Mr Cassidy said his decision to retire from Ferguson had nothing to do with the Liberty saga. "I'm a part-time chairman. I've had enough time to devote to Ferguson," he said, adding: "The chairman doesn't go around selling the labels. He manages the board."

Stephen Gutteridge, chief executive of Ferguson, said Mr Cassidy had been planning to stand down for some time.

"Denis and I get on extremely well." He blamed the profit warning on a slowdown in the market and a lack of concern for customer care. He said the company had already announced 150 redundancies, and more would follow. Shares in Ferguson dropped 36p to 94p.

Mr Cassidy is unrepentant. "If you make a career out of becoming chairman of companies in some difficulty it would be surprising if everything ran like clockwork," he said. Nevertheless, recent experiences had not been pleasant. "The last three months has not been the most attractive period of my life."

Despite losing two directorships in two weeks, Mr Cassidy is not actively looking for new opportunities. "I don't go out and sell my services, people come and ask me," he said. Despite the upheavals of the past year, he did not feel his reputation had suffered.

Mr Cassidy has held numerous directorships. He was formerly on the board of Bodington's, the brewing group, and helped bring carpet retailer Kingsbury to the market in 1995 before standing down last year. When taking on a position at a company, he aims to stay for about five years. "Hopefully you go in and try to create an established board and then have a seamless transition."

- Peter Thal Larsen

Signs of economic slowdown increase

Mortgage lending dipped last month, and growth of the broad money supply - a Bank of England bugbear - slowed. Despite these fresh signs that the economy is cooling off, the financial markets still expect interest rates to rise again.

Diane Coyle, Economics Editor, reports.

The building societies and high street banks made new loans amounting to £1.5bn to homebuyers last month, compared

with £1.8bn in October. Both groups of lenders said the housing market recovery seemed to be cooling down.

This view was fleshed out by Abbey National, which predicted that house prices would rise by just 5 per cent next year after a rise of about 9 per cent this year. The Council of Mortgage Lenders separately forecast a 5-6 per cent rise in 1998.

Andrew Pople, retail managing director of Abbey National, said: "Over the past few months signs have been emerging that the pace of the recovery is slowing." This was mainly due to the five interest rate rises since May, he said. The growth in both prices and the number of home purchases would slow.

Other lending to consumers last month was buoyant, according to the British Bankers' Association. New loans amounted to £526m, £11m lower than in October but well above average.

However, other figures confirmed the general picture of a gradual slowdown in the pace at which the economy is expanding. The Bank of England reported that year-on-year growth in the money supply measure, slowdown in October, was similar to recent months. Lending to industry was relatively subdued.

Separately, the Office for National Statistics said the turnover of the engineering industry had risen by 0.7 per cent in the three months to October, taking it to a level 4.2 per cent higher than the same period a year earlier.

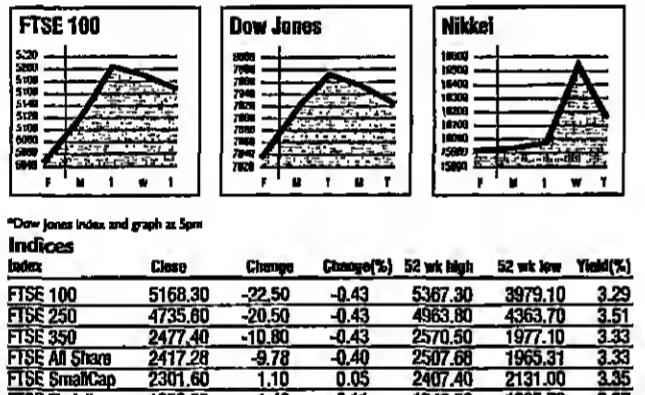
The Bank of England said in its last Inflation Report that broad money growth would have to slow to keep inflation on target. While it is probably still too high for comfort, it has

slowed from a peak of 11.9 per cent in July.

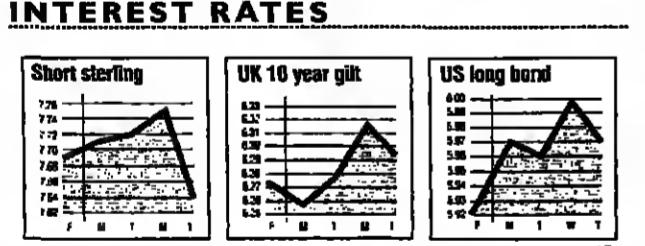
The detail of the figures showed a sharp rise of £7.3bn in total lending by banks and building societies, but more than £3bn of the increase was due to transactions in the gilt-edged market. The underlying increase in lending of around £4bn was similar to recent months. Lending to industry was relatively subdued.

Slowdown or not, the financial markets concluded yesterday that the Bank of England will raise interest rates at least one more time in the early months of next year. Along with a strong hint from the Bundesbank that German rates will not rise, this took the pound nearly two pence higher to just over DM2.95 yesterday.

STOCK MARKETS



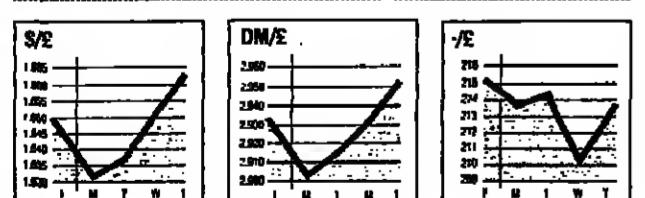
INTEREST RATES



MAIN PRICE CHANGES

Rises	Price (p)	Change (p)	% Change	Falls	Price (p)	Change (p)	% Change
Genoa Bus Syst	233.00	16.50	8.0%	Biocompatibles	480.00	-55.00	-11.7%
Guardian Royal	340.75	16.75	5.1%	PJB Mining	150.00	-13.50	-8.3%
ASDA Group	178.00	15.50	9.4%	Telwest	71.00	-4.00	-5.5%
BT Sky Broad	467.00	16.00	4.0%	Gen Cable	91.50	-5.00	-5.1%

CURRENCIES



OTHER INDICATORS

Item	Dec	Jan	Yr Ago	Index	Dec	Jan	Yr Ago
Brent Oil (\$)	16.92	0.22	23.87	GDP	113.90	3.80	109.73
Gold (\$)	288.85	0.50	369.75	RPI	159.60	3.70	153.91
Silver (\$)	6.01	0.16	4.85	Base Rates	7.25	6.00	

source: Bloomberg

FSA plans super-complaints scheme

21/BUSINESS

Fears for
UK jobs
as Kodak
takes axe
to 16,000



OUTLOOK
ON ORDER-DRIVEN
TRADING,
SUPERMARKET
MERGERS, AND
THE SUCCESSION
AT NATWEST

New Year fix is no long-term solution for Sets

Question: When is a market out of a market? **Answer:** When it is New Year's Eve in London. The Stock Exchange has decided that its new order-driven trading system is just out up to the job of setting closing share prices for the year now that market practitioners have learned how to abuse the technology. We can be reasonably certain that the boys around at JP Morgan have learnt their lesson - a £350,000 fine generally helps drive the point home.

But the Exchange is still leaving nothing to chance. For one day at least, it has decided to abandon the simple tradition of allowing prices to be set by the number of buyers and sellers in the market and has called in the boffins instead.

Year-end share prices matter to many more people than just chartists since they are widely used by fund managers for actuarial valuation purposes. Unfortunately Sets is in the habit of throwing up completely unrepresentative closing prices for Footsie stocks, which then distort the index and play havoc with everyone's pensions. Sometimes the distortion is deliberate - as in the well-documented JP Morgan case - but more often it is a simple, unintended by-product of the system. The Exchange has therefore decided that 31 December is just too important a day to rely on its expensive new piece of kit.

Ordinarily, the closing price of each stock is the price at which the last trade went through. On New Year's Eve, that will change. Over to the rule amendment notice issued by the Exchange last night

for a simple explanation of what will happen if a closing price appears to be out of line: "Where that trade price has moved by an exceptional amount compared to three specific (but unpublished) price points in the previous hour, the official closing price will move to that of the previous automatically executed order. The same test referred to above will be applied to that previous automatically executed order until a trade within the defined range is reached. A trade price will be judged to be exceptional if the price movement is above the 99.5 per cent confidence level for the recent historic distribution of price changes over the equivalent time period."

Got all that? Good. Shorn of Exchangeese, what the notice means is that a proper market will not be in operation at all on New Year's Eve. Prices will not necessarily be set by what has taken place in the dealing rooms but by a statistician calculating what it ought to have happened based on "recent historic distribution".

The Exchange's member firms have closed ranks and agreed to the rule amendment. However, they are not the ones being burnt most by Sets, partly because two thirds of all trades continue to be executed outside the order book. It is the unwitting private investor who has suffered most through the practice of executing trades at "at best" prices.

The Exchange can fix prices for one day but it cannot do it in perpetuity since the stock market, like all markets, is driven

more by fear, greed and emotion than by statistical probabilities. The recent abuse of Sets merely reinforces the point. The longer-term solution being mooted by the Exchange is to fix closing prices by suspending trading each night for a brief period and conducting auctions.

Meanwhile, the Exchange continues to insist cheerfully that there is nothing wrong with the system itself, merely the way it is being used (and abused). Too much money and too many reputations have probably been invested in Sets for it to be abandoned. But there remains a long way to go before it becomes an aid, not an impediment, to a truly even market.

Has Archie still got the urge to merge?

So is that the end of the putative Asda-Safeway supermarket link-up? The short-term possibilities certainly looked more remote after yesterday's update from Asda. Allan Leighton was definite that hostile bids are not the company's style.

With a merger also apparently on the back-burner it looks like the supermarket industry's consolidation - if that's what we're seeing - may have to wait a while. Of course Asda's management was careful to wheel out the "never say never" line. Nothing that was said yesterday precludes a renewed attempt at an agreed marriage.

Interestingly, Asda seems to feel that an agreed bid would stand more chance

of getting through the competition authorities than a hostile offer. Logically, the reverse ought to be the case. A cosy get-together to create a third force in UK supermarkets that would almost equal Tesco and Sainsbury in size would diminish competition and ultimately inflict higher prices on consumers. Why should the Office of Fair Trading and Margaret Beckett be persuaded otherwise simply because Asda and Safeway both said so?

What is becoming increasingly clear is that Asda may need a merger with Safeway to close the gap with Tesco and Sainsbury. Asda's sales growth is the fastest in the industry and its market share is now significantly higher than Safeway. Earlier this year these two companies were almost the same size. Now Asda is worth £3.5bn and growing. Safeway is worth £2.5bn and shrinking.

It is possible to dismiss Safeway's recent *itis* as little more than the normal swings of the supermarket industry's pendulum of fortune. A year ago the whipping boy of the sector was Sainsbury as it lost market share to Tesco and failed to match its rival on innovative marketing wheezes. Perhaps it is just Safeway's turn? But there are key differences. Sainsbury is a historically sound business that just had a couple of bad years. Safeway is an ordinary one that had a good spell and has now reverted to type. Meanwhile, Tesco and Asda have both put in a five-year winning streak which looks like continuing.

Safeway is hardly a basket case but it looks desperately short of ideas and

morale must have taken a pounding. Asda, meanwhile, has developed a successful formula of trading in larger stores, with wider ranges and at prices that are 5-10 per cent lower than rivals. And yet why does Asda still find it so hard to dispel the idea that a merger may be around the corner?

Shock, horror. Alexander to stay

In search of some light entertainment this Christmas? Then why not ring up the corporate affairs department at NatWest and ask who Lord Alexander is quitting as chairman. Better still, ask if he is being forced out by disgruntled institutions.

The abridged version of the answer runs as follows: "That is totally incorrect, complete guff, absolute fiction. We are at a total loss to know where this idea comes from. To say that institutional investors have made Lord A quit is utter rubbish. No discussions of that nature have taken place and nothing has been decided much less agreed. This is just not an issue. Nothing along these lines has been discussed. Furthermore, we are not recruiting non-executive directors to take over from Lord A. No discussions about his retirement or the succession have been held, no decisions have been made and there has been no pressure from institutions. As far as we are concerned he is still very much our chairman."

So it's all true then?

Oil industry warns of 40,000 job losses

The big oil corporations have put 34 large North Sea exploration projects on hold because of the uncertainty over the Government's review of the offshore tax regime, the industry has warned. Ministers, Chris Godsmark, Business Correspondent, reports on new claims up to 40,000 jobs could go if Labour hits the oil giants with a second windfall tax.

The latest evidence submitted to the Treasury will increase the pressure on Gordon Brown, the Chancellor, not to use North Sea oil producers such as British Petroleum and Shell as a cash cow to raise billions of pounds of extra tax revenues.

The figures compiled by the Offshore Operators Association (UKOOA) show that 34 of the 143 investment projects planned by the big oil groups have been deferred until the outcome of the tax review. According to the companies' estimates, up to 105 projects could be abandoned because a rise in taxes would make them uneconomic.

The projects listed, though commercially confidential, are worth at least £100m. UKOOA's submission shows that £10bn of investment could be lost over five years, leading to 30,000 to 40,000 job losses. The industry employs 30,000 offshore workers, with up to 400,000 direct and indirect jobs based onshore.

The Chancellor launched the review in last July's Budget, telling MPs it would "ensure that an appropriate share of North Sea profits" were taxed, without damaging investment.

Profits from the big oil groups soared last year as the price of Brent Crude rose to as

much as \$25 a barrel. Though oil prices have fallen in recent months, the industry fears the government could raise £5bn in a one-off levy similar to the windfall tax on the privatised utilities.

Treasury officials are expected to give ministers a list of policy options before Christmas, though the outcome will not be revealed until the March Budget.

The current regime, dating from 1993, cut petroleum revenue tax (PRT) from 75 per cent to 50 per cent, but abolished tax breaks on exploration projects. The industry paid £1.7bn in PRT in 1996/97, with a further £1.2bn in corporation taxes.

Offshore tax: 105 North Sea projects may be abandoned

Cold snap sends gas prices soaring to £5 per therm

The pre-Christmas cold snap this week brought the winter's first warnings over fuel supplies, it has emerged, as the standby price of gas soared by more than 40 times on the wholesale market.

The surge came on Wednesday as domestic customers woke up to blizzard conditions and turned up their central heating. The price of gas on the so-called flexibility market, which acts as a safety net to suppliers which failed to secure enough gas in advance to match demand, went up to £5. It compares with the lowest price during December of just 12p a therm.

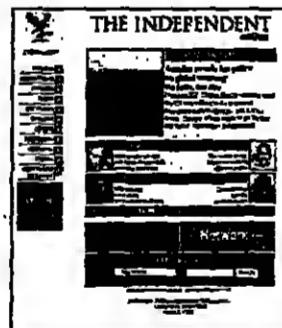
Transco, which runs the pipeline network and manages the flexibility market, said it had spotted the potential for demand to outstrip supply early in the day. "We were buying in gas to cover that eventuality and we sent a warning out to suppliers that it could be expensive," said a spokesman.

It was unclear whether any suppliers had been forced to buy gas at this price, which could have left them nursing heavy losses. The flexibility price slipped back as the weather eased, but still averaged £1.57 during the day.

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Japan acts on currency slide as growth forecasts are cut

The Bank of Japan plunged into the foreign exchange market yesterday to sell dollars in support of the yen for the first time in five years. Stephen Vines examines the latest attempt to bring stability to the region while Diane Coyle looks ahead to a report that is expected to cut world growth forecasts.

This disappointment was reflected in the Japanese stock market yesterday, with the blue chip Nikkei-225 index dropping by more than 2 per cent. Market sentiment was also depressed by news of the fourth largest post-war bankruptcy taking down the foodstuff trader Toshoku with debts totalling an astonishing \$4bn.

The company blamed the bursting of the "bubble" economy for its woes. Toshoku is the ninth listed company to go under this year.

Meanwhile the long-running scandal of leading stockbrokers' involvement with

racketeers came to a head yesterday with news that Daiwa Securities and Nikko Securities, two of Japan's biggest stockbrokers, were to be severely punished for paying off racketeers who had threatened to disrupt shareholder meetings if they were not paid off.

The Ministry of Finance ordered Daiwa to cease its own account business in stock, futures and options trading for four months, while Nikko received a three-month ban.

Elsewhere calm descended on emerging-market currencies across the globe on Thursday, as South Korea went to the polls.

But worries over the financial stability of South-east Asian currencies moved to Indonesia after Fitch IBCA, the international rating agency, said its credit ratings might be cut to below investment grade because of political uncertainty. IBCA also downgraded the individual ratings of 10 Thai banks.

In October, the fund's economists put world growth in 1998 at 4.3 per cent, a fraction higher than this year's likely figure. It foresees a slowdown in the US, UK and Japan, but its prediction of 2.6 per cent Japanese GDP growth now looks very optimistic. So does its 7.4 per cent figure for likely Asian growth.

Meanwhile, it has speeded up its procedures for lending money to countries suffering "exceptional" difficulties.

Allied renews hostilities with US rival

Allied Colloids, the chemicals group on the end of a £1.1bn hostile bid from Hercules, launched another attack on its US rival yesterday as the war of words between the two sides escalated.

Allied branded Hercules' criticisms of its performance as misleading and spurious. It also said the number of acceptances that Hercules had received, currently 0.94 per cent of Allied's shares, was minimal.

David Farrar, Allied's chief executive, said: "Hercules has had to grasp at straws and has had to use thoroughly misleading arguments. Shareholders should reject its rhetoric and its offer."

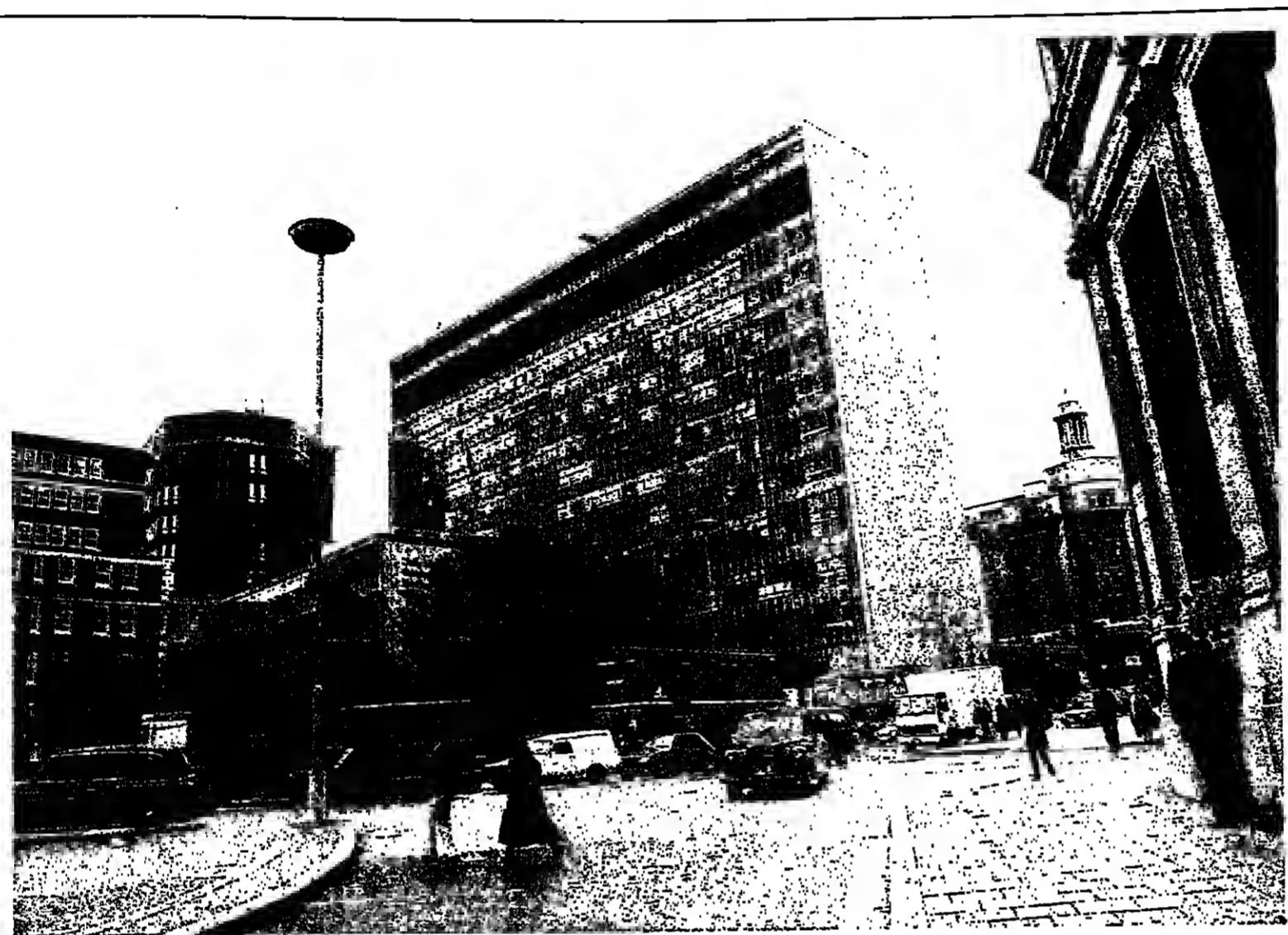
Mr Farrar added that the group was determined to remain independent and that was not looking at the moment for a "white knight" to protect itself from Hercules. A spokesman for Hercules retorted: "Today's statement has barely addressed the serious questions and concerns we have raised. Once again Allied Colloids has not added any substance to the debate."

Sources suggested Hercules was considering raising its offer to provide a knock-out blow. However, the group is unlikely to raise its bid before Allied produces its final defence document on 4 January.

Allied dismissed suggestions that the acquisition of CPS, a US chemicals group, would dilute earnings and that it was massaging profits at its core business by transferring sales from CPS. Allied is visiting its large institutional shareholders in an attempt to get them to hold on to their holdings.

Allied's shares remained unchanged at 165p.

- Andrew Yates



Months of speculation over the new home for the 5,000 UK staff at Andersen Consulting, the specialist technology consultancy, is set to come to an end in a move that will also decide the future of one of the newspaper industry's most famous sites. The UK arm of Andersen Consulting is believed to be close to signing a deal to move to the former Mirror Group headquarters (above) in

Holborn Circus, central London. The organisation earlier this week called in an arbitrator to resolve its long-running dispute with sister organisation Arthur Andersen. It is currently based alongside Arthur Andersen in offices off The Strand, although the two businesses have separate entrances in different streets.

The Holborn building was on a shortlist that also included Canary Wharf in London's

Docklands. A deal could be finalised early in the new year. The search, which has continued for several months, has been made difficult by the fast-growing operation's combined needs for about 300,000 square feet of space and easy access to international airports.

Matters have been further complicated by the partners' known preference for a prestigious address rather than

the anonymous collection of floors typically available in Docklands.

The move also ends lengthy speculation about the future of the old Mirror building, which has remained empty since the departure in the early 1990s of the media group, which owns a big stake in Newspaper Publishing, publisher of the Independent.

- Roger Trapp

Esprit Telecom raises \$300m to fund European expansion

Esprit Telecom, the Reading-based phones company, yesterday raised \$300m (£180m) through a bond issue to fund its expansion into the European business market. The cash will mostly be spent over the next two years to build networks linking financial centres in London, Paris and Amsterdam. It will enable Esprit, which has 4,400 customers in 16 countries, to reduce its dependence on buying capacity from other phone groups. David Oertel, chief executive, said Esprit would open more UK offices and was planning to use some of the funds for acquisitions. Esprit is quoted on Nasdaq and Easdaq in the US.

Country Casuals talks again

Country Casuals, the women's clothing retailer which has been the subject of numerous takeover discussions in the last few years, yesterday said it was in more talks that may or may not lead to an offer for the company. The shares rose by one-third to 122.5p on the news, which came just four months after the company said it has ceased talks with potential bidders. The company is now valued at £22m. Two of the group's former chief executives, Mark Bunce and John Shannon, have previously made bids or been involved in takeover talks for the group. However, it is understood that neither is involved this time. Other potential bidders could include Alexon, the women's fashion chain which expressed an interest in Country Casuals earlier this year. However, it may have its hands full, with the recent acquisition of the Dolcis footwear chain from Sears.

Triplex Lloyd agrees offer

Triplex Lloyd, the specialist castings group that earlier this year lost out in the battle to take over William Cook, has agreed an offer by Doncasters. Doncasters is paying 280p for each Triplex Lloyd share, equivalent to a total of about £194m, which represent a 22 per cent premium to the company's shares on 1 December. Doncasters makes highly engineered components for tolerance-critical applications, primarily in the aerospace and industrial gas and steam turbine industries. Triplex Lloyd serves the power, automotive and engineering markets world-wide.

Buyer for Hambros arm

Hambros, one of the few remaining independent British merchant banks, officially confirmed that Générale de Banque, a Belgian bank, is to buy Hambros' corporate banking division. Terms of the deal, part of the Hambros break-up, were not disclosed, though sources said Générale paid less than 2 billion Belgian francs (£33m). Talks on the sale of other parts of Hambros, in particular its core corporate finance division, are thought to be at an advanced stage. Hambros' corporate banking division has around 400 customers, mostly small and medium-sized companies, and employs just under 40 staff.

Exchange's governance code

The Stock Exchange is to take charge of the Hampel committee's "super code" on corporate governance. The new code is expected to be detailed in the Stock Exchange's listing rules, although companies will not be obliged to follow it. Rather, as is currently the case with the Cadbury code, companies will have to state in their annual reports whether they have complied with the new code. The code is expected to be detailed in the listing rules from the summer, following a period of consultation.

Tietmeyer signals ECB aim

Hans Tietmeyer, president of Germany's Bundesbank, said yesterday he expected the European Central Bank (ECB) to adopt a money supply target as its method for controlling inflation once the single currency is under way. Although the choice between German-style monetary targeting and British-style inflation targeting will be made formally by the ECB once it is up and running, the preference of its most influential member for monetary targets suggests that Britain might have to adopt them, too, when and if it joins.

Watmoughs defence against bidder 'backward looking'

Quebecor Printing Inc (QPI) of Canada yesterday said the defence by its UK rival Watmoughs Holdings against its bid "reveals a company that continues to look backwards in an industry that is changing rapidly".

Watmoughs' defence document stated that its problems were behind it and that it is well placed to generate increasing value for shareholders if it can beat off Quebecor's hostile £185m bid.

However, Quebecor said this document contained "little more than a gloss on Watmoughs' interim statement strategy. The stock market reacted negatively [to the Watmoughs ordinary share price fall nearly 9 per cent on the day of announcement] and QPI questions what reassurance this same old strategy offers Watmoughs shareholders".

It said Watmoughs "fails to address the realities of today's competitive printing market; does not print a single top ten UK weekly consumer magazine title [while European competitors already print three such

titles] and recently lost the *Mail on Sunday*'s television guide contract due to intense pricing pressure.

"Watmoughs' strategy of focusing on long run time sensitive and repeat business is no guarantee of future growth. It fails to address the reality of today's printing market in which larger and better invested printers, both in the UK and on the Continent, are competing and will continue to compete for the same business," the company said.

Quebecor said Watmoughs' vulnerability to competition was also highlighted by "the strong performance of QPI's UK operations".

"Through Hunterprint, QPI has successfully expanded its presence in newspaper supplements from approximately 10.7 million tabloid equivalent pages per annum at the time of Hunterprint's acquisition to approximately 27.5 million such pages today, an increase of 160 per cent. Of this increase, 29 per cent represents a net gain at Watmoughs' expense," Quebecor said.

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COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Astra (I)	3.91bn (3.45bn)	190.0m (232.4m)	4.86p (6.57p)	0.91p (0.81p)
DC Cook Holdings (I)	105.5m (100.5m)	1.852m (2.17m)	2.95p (3.45p)	0.84p
Crest Packaging (I)	13.50m (14.50m)	1.824m (2.162m)	3.5p (4.0p)	1.38p (1.38p)
Flexi Art Developments (I)	14.32m (7.85m)	-12.44m (-5.17m)	-14.7p (-4.33p)	0.8p (3.7p)
Horizon (I)	68.25m (71.53m)	-34.5m (-2.1m)	-10.9p (-0.8p)	0.16p (0.16p)
London Merchant Sec (I) - t	68.99m (15.12m)	28.25p (4.05p)	0.9p (0.8p)	
Thomas Potts (I)	2.35m (1.34m)	0.014m (0.340m)	0.005p (0.13p)	0.09p (0.05p)
Jean Strand (I)	41.56m (41.05m)	3.51m (2.85m)	14.2p (10.7p)	5.5p (5.25p)
UOO Holdings (I)	58.31m (55.03m)	6.15m (6.55m)	14.05p (13.30p)	10.5p (10.5p)
Reg Varley (I)	40.91m (34.68m)	8.42m (7.88m)	10.4p (10.7p)	2.8p (2.6p)
Warren Estates (I)	40.37m (23.12m)	12.25m (10.1m)	19.15p (15.9p)	12.5p (12.25p)
(F) - Final (I) - Internat				
				* Dividend to be paid as a P&G

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مكتبة الأصل

Downgrades take a heavy toll among high flying stocks

MARKET REPORT



DEREK PAIN

Pearson, the banking to publishing group being reshaped for the next millennium by American Marjorie Scardino, was under pressure as investment house Merrill Lynch lowered its profit estimates.

The Financial Times group weakened on Wednesday after it had warned growth was slowing and Salomon Smith Barney cut its expectations. The US investment house reduced its forecast by 9 per cent to £320m. Last year Pearson produced £356.8m.

It was not clear by just how much Merrill trimmed its expectations. It did, however, say it continued to rate the shares a buy. Pearson, riding high near its 849p peak, took the latest downgrading badly, falling 34p to 790p.

Another under the weather on a profit revision was Marks & Spencer, doyen of high

street retailers. On Wednesday Société Générale Strauss Turnbull trimmed its profit forecast a mere £20m to £1,140m. The reduction struck a nerve. With retailers ruffled by the unusually slow Christmas sales build up, M&S softened a further 26p to 574p, a 46p fall since the SocGen caution. In the autumn the shares touched 664p.

The rest of the stock market tended to drift lower, although trading was often brisk with turnover topping 1 billion shares. There was no evidence of any particularly large trades. Footsie failed to hold an early gain, ending 22.5 points lower at 5,168.3; today's futures expiry created a little unease.

Hays, the business support group, gained 23p to 838p as NatWest Securities said buy; Henderson Crosthwaite lifted its profit forecast, from £180m to £187m, but reduced its recommendation from buy to hold.

Kingfisher, a Henderson buy, moved in the right direction, up 10p to 855p.

Analytical comments provided some action. SocGen put a target of 450p on the KMI engineering group and SBC Warburg said buy; it was enough to lift the shares 12.5p to 408.5p.

GRE, however, had to contend with mixed reviews. The insurer topped the Footsie leader board with a 16.75p advance to 340.75p. Trading was brisk. SocGen said sell; Dresdner Kleinwort Benson suggested buy. Warburg, lifting the shares from sell to hold, cut its profit forecast from £305m to £180m.

Asda's interim profit advance pushed the price 7.5p to 178p; its alleged bid target, Safeway, put on 7.5p to 336.5p. Source: Bloomberg

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Diageo's spirited début was eroded as the spirit giant fell 10.5p to 580.5p. Scottish & Newcastle remained in form, up 2.7p to 785p.

Engineer Triplex Lloyd rose 10p to 272.5p as a US quoted group, Doncasters, unveiled a £194m offer; 280p a share. Fashion chain Country Casuals returned to the lid limelight, gaining 31p to 122.5p as a mystery bidder appeared.

Shield Diagnostic tumbled 67.5p to 705p following an unexpected delay over the signing of its first commercialisation deal and the continuing failure of Abbott, the US group, to buy into the company. Biocompatibles International was again in the sickbay over its unfulfilled US ambitions, falling 65p to 490p; the shares were 1,420p in the spring. On Ofex BioFocus, a medicinal chemistry company, gained 13p to 50.5p on the tie up with ViroPharma, a US group. Entrepreneurial investor Trevor Davies has lifted his BioFocus stake to nearly 19 per cent.

TransTec, the engineer linked to the Paymaster General Geoffrey Robinson, slumped 19p to 67.5p, lowest for three years. Conglomerate

TT fell 3p to 280p, a 12 month low, and paper group Ferguson International reacted to a new profits alert with a 36p fall in 94p, worst for more than five years.

Sketchley firmed to 43.5p. Interim figures are due on Monday. There is talk they will be accompanied by corporate action, possibly disposals.

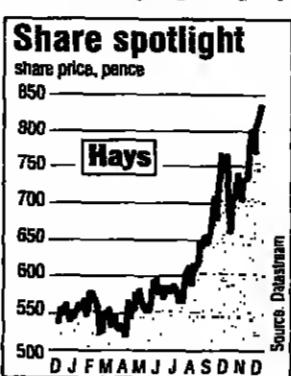
Chieftain, the insulation group which early this month revealed trading was going exceedingly well, gained 9p to 91.5p with suggestions of a bid, maybe a management buy-out.

Abacus, a recruitment group, jumped 41.5p to 251.5p. First-half profits are expected to emerge at £800,000, despite office start-up costs. In the same period last year the company managed £220,000 with the full year producing £813,000. The shares were 16p two years ago.

TAKING STOCK

Azlan, the troubled computer group, held at 47.5p. There is talk of bid action with, possibly, Sherwood International, nursing predatory instincts. Azlan has had a cruel run. At one time it was one of the market's computer stars, reaching 287p. But a botched cash call, followed by accountancy problems and then a £24m rescue rights issue has destroyed its appeal. In the year to April it lost £14.1m against a £10.5m profit in the previous year.

Internet Technology gained 6p to 61.5p after disclosing an indirect link with the giant IBM Corporation. Wave Systems, a joint venture partner, has reached an agreement which could lead to its inexpensive chips being used in PCs. Idea is to allow users to access digital content directly from their desktops.



Source: Bloomberg

Share Price Data

Prices are in sterling except where stated. The yield is the latest twelve months' declared gross dividend as a percentage of the share price. The preference (P) yield is the statutory dividend. Yield is the latest twelve months' dividend per share, exclusive extraordinary items but including exceptional. Order details: Ex rights = Ex dividend; Easell = A suspended; P Party Paid up NII Paid; AIM: Gk. Prices are Bloomberg Generic.

Source: Bloomberg

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THE INVESTMENT COLUMN

EDITED BY ANDREW YATES

Diageo looks set to succeed

The merger of Grand Metropolitan and Guinness to create the biggest drinks company in the world is set to revolutionise the industry and has sent competitors scurrying into huddles to talk about their own mergers. But now Diageo has finally been born should investors enter into the spirit of things and buy the shares?

Prompted by the pedestrian growth in the world's spirits markets, the deal is all about cutting costs. Diageo has already said it will chop £195m off overheads but the final figure promises to be much larger as the two groups get down to the nitty-gritty of restructuring the business.

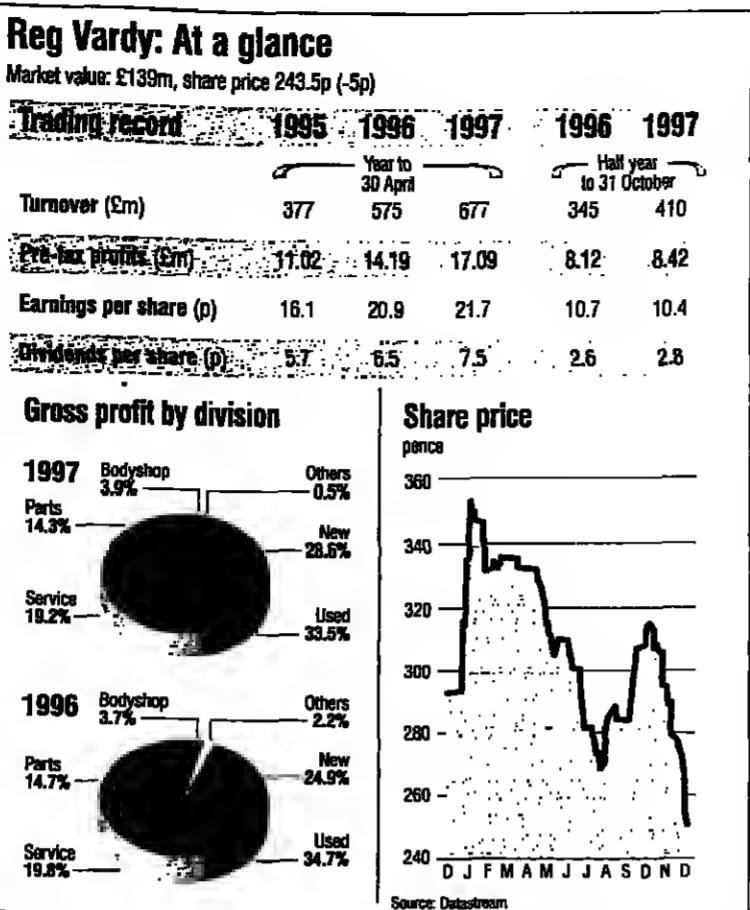
Critics point out that once the shake-up is finished Diageo will just be left with a bigger slice of a stagnant industry. However, after seven months spent negotiating the regulatory maze, the US and European competition authorities have let Diageo off lightly. The group has been allowed to keep the most powerful array of brands in the industry and an unrivalled distribution network, leaving it well placed to continue to pick up market share and gradually put up prices.

Elsewhere Diageo's growth prospects also look attractive. Pillsbury, the US food business, is benefiting from a buoyant local market. Guinness is growing strongly internationally and Burger King is still winning the burger war against McDonald's.

One dark cloud is the financial crisis in the Far East. The economic slowdown in Asia will hit spirits sales, which analysts reckon could wipe £70m off profits this year. That should be put in the context of a group expected to make annual profits of nearly £2bn a year less than 10 per cent of business coming from the Far East.

Guinness and GrandMet shares rose by more than a £1 to top 600p when the merger was announced in May. However, turmoil in the Asian markets has seen the price drift downwards and Diageo shares opened at 591.5p and slipped another 9.5p yesterday to close at 580.5p.

Merrill Lynch forecasts pre-tax profits of £1.8bn next year and £1.9bn in 1999, putting the shares on a prospective



pe ratio of 17, falling to 16 the year after. That rating is more than justified, given that Vardy should be able to keep earnings growing at more than 10 per cent a year and the prospect that its strong cash flow will allow more share buy-backs. The shares look good value.

Revamp takes shine off Vardy

Reg Vardy's reputation as the darling of the motor dealers has lost its shine this year. In early 1997 its shares hit an all-time high of 352p after tripling in just four years. Then investors hit the brakes. In the past 10 months the shares have dropped by almost a third.

Vardy was sufficiently concerned to rush out its interim results three weeks ahead of schedule. But the numbers, which showed a 5 per cent increase in operating profits on a 17 per cent jump in sales, did little to reassure the mar-

ket and the shares shed another 5p to close at 243.5p.

The death of Diana, Princess of Wales, which affected sales in the key month of September, knocked over £0.5m off profits. But Vardy says reorganising its dealer network is the main reason for the margin squeeze.

As one of the most successful dealers around, Vardy is in great demand with manufacturers as they seek to award larger franchises. Long term, this is good news. But in the short term it must absorb the cost of buying, relocating and refurbishing various dealerships.

In the six months to October, Vardy added five franchises to its network, taking the total to 51. The group expects to hit its target of 60 some time next year. It has also launched a contract hire business, which lost £240m in the period and will not break even until 1999.

With gearing of just 7 per cent, Vardy can afford to splash out. While the benefits will take several years to flow through, they should be worth the

wait. Williams de Bme, the stockbroker, has pencilled in a full-year profit forecast of 18.7m, placing the shares on an inward p/e ratio of 10.5. For most motor dealers, this would be fair. But given Vardy's superior track record the shares are worth a look.

Fine Art split looks promising

Fine Art Developments' decision to demerge its greetings card operation into the newly formed Creative Publishing in September has increased shareholder value a little, but both companies remain on huge discounts to their sectors.

Fine Art was hit by a profits warning last year due to problems in the Express Gifts division, and the poor sentiment appears to be lingering on. However, first half operating profits were £1.3m compared to £3.1m and all three divisions – home shopping, educational supplies and charity catalogues – did well.

Overseas sales in the second half will be affected by strikes in France and Canada as well as the strength of sterling. Nevertheless analysis have left full year forecasts unchanged. Though the company says it is looking for acquisitions, Fine Art may well find itself on the receiving end of a bid itself.

On full year forecasts of £21.5m, the shares, which rose tip to 169.5p yesterday, trade on a forward p/e of 10. It would make a good fit with a larger mail order group such as N Brown or Otto Versand, who could push the product through their larger databases.

At Creative Publishing which is Europe's largest greeting company, the shares have withered since the demerger, but once again results looked promising. Operating profits, before demerger costs of £7m, were 19 per cent higher at £5.1m and the direct retail division, which designs, produces and distributes cards to retailers, is storming away.

As the lowest-cost producer with a strong market share and a client list that boasts companies such as Boots and Marks & Spencer, prospects look encouraging. On increased forecasts of £16m, the shares – up 1.5p to 145p – are on a lowly rating of 11 and look attractive.

PEOPLE & BUSINESS

JOHN WILLCOCK



Obviously Mr Swaden has completed his conversations with the ghosts of Christmas Past, Present and Future, since he has just thrown a party for the residents of a nursing home which he took over as receiver a month ago.

Although Mr Swaden wasn't actually there in his party hat, he did provide the funds for the knees-up at the Greenfields Nursing Home, Oswestry, Shropshire.

The liquidator-turned-Father Christmas tells me: "We are very keen to ensure that everyone at Greenfields feels as secure as possible about the future of the nursing home and one way of demonstrating our belief in its continuing is to provide some Christmas spirit."

Quite right too. And while Mr Swaden is looking for a buyer, the nursing home has actually increased its number of residents from 40 to 45, with a couple more expected before Christmas.

While we're on the subject of festive good works, here's a banker who's come over all environmental. Herschel Post, chief executive officer of Coutts, the Queen's bank and NatWest subsidiary, has just been elected chairman of the charity Earthwatch Europe.

Mr Post says: "Our challenge is to bring environmental literacy to those in the City." Blimey. The best of British luck, mate. I would have thought most people in the City this Yuletide would be too busy counting either their fat bonuses or their not-so-fat redundancy payments to have time for worrying about green issues.

Undoubtedly, Mr Post adds: "Why should a fund manager acknowledge a company's environmental performance when assessing shareholder value? What are the risks involved in the environment? ... Earthwatch believes that the City needs to recognise and support environmental responsibility within the corporate sector."

Absolutely. Oh, and I've just spotted a fleet of pigs doing loop-the-loops over Liverpool Street Station.

How wonderful, how very festive, to see Michael Heseltine and John Prescott united under the same banner for once. Well, almost.

Way back in the Thatcherite eighties Hezza founded a company to raise City funds for urban regeneration, and christened it "Inner City Enterprises".

Yesterday ACE accepted an £8m bid from

Enterprise, an AIM-listed company also dedicated to urban renewal, and headed by David Taylor – an old friend and part-time adviser to John Prescott, the Deputy Prime Minister.

Perhaps Tarzan and the former Cunard steward should take a lead from this amicable merger, and pool their ideas on resurrecting our inner cities. I'm sure they'd get on like a house on fire.

If you ever thought that receivers were the modern-day equivalent of Scrooge, then take heart from David Swaden of Leonard Curtis.

Remember the British Lions's superb achievements during the summer in South Africa? Reuters has sponsored a series of 15 luncheons enabling rugby fans to meet various present and former members of the Lions, culminating in a huge bash today in London for 1,000 people. Some 7,500 fans had the chance to vote for their "Dream Lions" team, drawing from 60 players stretching back to the 1970s. All 15 players selected will attend today's sunfish. And the winners are: full-back, JPR Williams; right wing, Gerald Davies; inside-centre, Mike Gibson; outside-centre, Jeremy Guscott; left wing, David Duckham; fly half, Barry John; scrum half, Gareth Edwards; No 8, Mervyn Davies; open-side flanker, Fergus Slattery; blind-side flanker, Mike Teague; second-row No 5, Gordon Brown; second-row No 4, Willie John McBride; tight-head prop, Graham Price; hooker, Peter Wheeler; and loose-head prop, Fran Cotton.

Foreign Exchange Rates

Country	Sterling	Dollar	1 month	3 month	D-Mark	Sterling	1 month	3 month	D-Mark
UK	100.00	1.6200	1.6198	1.6201	1.6202	100.00	1.6201	1.6202	1.6202
Australia	25.2523	2.5229	2.5267	2.5229	2.5265	25.2523	2.5229	2.5267	2.5265
Austria	20.009	20.778	20.710	20.758	20.516	20.009	20.778	20.710	20.516
Belgium	61.048	80.850	80.465	80.725	80.533	61.048	80.850	80.465	80.533
Canada	2.291	1.4225	1.4225	1.4225	1.4225	2.291	1.4225	1.4225	1.4225
Denmark	1.272	1.227	1.227	1.227	1.227	1.272	1.227	1.227	1.227
Egypt	1.4667	1.4927	1.4850	1.4747	1.4722	1.4667	1.4927	1.4850	1.4722
Finland	6.9378	8.0908	8.045	8.076	8.050	6.9378	8.0908	8.045	8.050
France	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291
Germany	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291
Greece	46.663	48.600	47.704	49.021	48.725	46.663	48.600	47.704	48.725
Hong Kong	12.074	12.928	12.745	12.745	12.745	12.074	12.928	12.745	12.745
Iceland	1.453	1.448	1.448	1.450	1.450	1.453	1.448	1.448	1.450
Ireland	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291
Japan	2.1467	2.138	2.105	2.124	2.153	2.1467	2.138	2.105	2.153
Malaysia	3.6109	6.259	6.258	3.7965	3.7965	3.6109	6.259	6.258	3.7965
Norway	1.4145	1.4145	1.4145	1.4145	1.4145	1.4145	1.4145	1.4145	1.4145
New Zealand	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291
Portugal	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291
Spain	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291
Sweden	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291	2.291
Switzerland	2.3525	2.3334	2.3304	2.3304	2.3304	2.3525	2.3334	2.3304	2.3304
UK	1.6223	1.6223	1.6223	1.6223	1.6223	1.6223	1.6223	1.6223	1.6223

Country	Overnight	1 week	1 month	3 months	6 months	1 year
Treasury Bills	723	725	723	721	720	720
Domestic Deposits	723	725	723	721	720	720
Exporting Deposits	723	725	723	721	720	720
Eligible Bank Bills	723	725	723	721	720	720
Sharing CDs	575	575	575	575	575	575
Barclays CDs	575	575	575	575	575	575

Hollioake's philosophy helps England to have some fun

England go into today's Champions Trophy final against the West Indies in Sharjah full of confidence and as favourites but Derek Pringle warns that they underestimate their opponents at their peril.

This was not the final the organisers were hoping for. Like two interlopers who had drunk the bar dry and polished of the food, England and the West Indies, who compete today for the Akai-Singer Champions Trophy, have spoilt the party. For only the second time in Sharjah cricket's 16-year history, neither India or Pakistan will feature in the final, a fact that is certain not to please their countrymen who make up the lion's share of the workforce within these wealthy princedoms.

As the only side with an unbeaten record, as well as a decade of one-day dominance over the West Indies, England must surely start favourites. They are a confident team led by a confident young captain and playing ultra efficient cricket. Adam Hollioake may dread all manner of things, but none of them seem to exist on a cricket field, a characteristic that appears to have rubbed off wholesale on his team.

There is less formality on display too and players feel at liberty to enjoy themselves. At the official dinner on Wednesday night, England's players, led by Alec Stewart, who danced a waltz with a belly-dancer, entered into the fun. Graham Thorpe, not someone you normally find swinging from the chandeliers, then delivered a strikingly good imitation of Geoff Boycott to the 600 guests before Hollioake senior, rarely a shrinking violet took to the stage and attempted to balance a walking cane on his nose.

For those who had witnessed the long faces in Zimbabwe a year ago, the bonhomie here has been both remarkable and contagious. Blowing hot and cold is something that has been seen as endemic within English cricket, so how did Hollioake explain the warm glow created here?

"Team atmosphere is a funny thing and it really comes down to having a few strong characters in the side," said England's one-day captain



England leave the field with their 'coffins' after a practice session ahead of today's Champions Trophy final against the West Indies in Sharjah. For only the second time in the competition's 16-year history neither Pakistan nor India will take part in the final

Photograph: Chris Turvey/Empics

yesterday. "If the main players are whiny, moaning people then that will breed throughout the side. But if those guys are extrovert, confident and positive, then that will spread throughout the side instead."

Citing Warwickshire's Doug Brown as the kind of down to earth cricketer he respects, Hollioake went on to say he was looking for players who

would treat the Prime Minister of Pakistan in exactly the same way as he would a rickshaw driver.

"What you find then, if you take that attitude on to the cricket field and you meet Brian Lara, is that you don't see him any differently to the bloke playing his first one-day international.

"If you don't do that, then

you start saying that this player is better than that one and you start to become intimidated by them, as well as underestimating the other guy, who you then think can't play."

Holloake may not yet be an orator in the Winston Churchill mould, but his philosophy is a sound one. More fittingly, it is categorically the right one to adopt against this West Indies

team, now showing signs of revival after their abject tour of Pakistan, and England underestimate them at their peril.

Having been virtually down and out, Courtney Walsh's side have raised themselves here with some intelligent and spirited cricket. They may lack England's all-round soundness, but when did a West Indies side last take all the wickets to fall

to bowlers with spin, as did the other night against India?

The answer is probably not

since the days of Sonny Ramadhin and Alf Valentine in the early 1950s. They may have met already once in this competition, but England must beware: this is not a conventional West Indies team, and apart from the three fast bowlers - Walsh, Merv Dillon

and Franklyn Rose - they have

not played conventional Caribbean cricket.

Nevertheless, with two days to prepare the pitch - the same one England have used in their previous three matches - the groundsmen feel it will behave as it did during the opening game of the competition, offering less spin and more pace. Despite murmurings that Ashley Giles may come into the side, it is a combination that will probably see England play an unchanged side.

With an over-reliance on

Alec Stewart, who has been superb along with the bowing and fielding, it is only the batting that can realistically be improved. Maintaining the momentum after a breezy start, has been the stumbling block for most sides, and England's middle-order must avoid being asphyxiated by leg-spinner Rawl Lewis and his off-spinning counterpart Carl Hooper.

England's bowlers too, so effective when hacked by athletic razor sharp fielding must not get complacent. Lara may look out of form and generally out to lunch, but he is still the one player on both sides capable of turning the course of a match on its head. If he gets runs, both English efficiency and Hollioake's captaincy may well be given their sternest test yet.

Happily however, it is a contest that can now be seen on television in Britain, with highlight packages being shown today on BBC2 and again on Grandstand tomorrow. With Sky having made a substantial offer for live broadcast - thought to be in the region of £25,000 - rejected by Worldtel, the owners of the broadcasting rights, the drama still may have a twist or turn left in it.

So, no doubt, does the cricket and win or lose, England have proved that one-day cricket is best played with what might call, all-round specialists. As the song goes, once you have seen Paris there is no going back.

Powell fails to find support from batsmen

England Under-19 were let down by their batting again yesterday as they were bowled out for 192 - 123 behind the South African Student XI on the second day of their three-day match in Port Elizabeth.

The tourists, who have yet to post a score of 300, contrived to lose wickets in clusters to make life extremely difficult for themselves. Three wickets went on 38, two on 94 and three on 175

following a partnership of 79 between Graeme Swann (44) and Chris Schofield (34).

At 96 for 6, the prospect of having to follow on loomed large, but Swann and Schofield stayed together for 25 overs until the latter was given out leg before to the off-spinner Morgan Mfopo, despite playing a long way forward. The acting captain, Stephen Peters, and Graham Napier had earlier looked in

good form but had not been able to build on good starts.

The students were 14 for 0 at the close of their second innings. Earlier, resuming on 255 for 4, they had declared their first innings on 315 for 9, with the Essex off-spinner Jonathan Powell picking up four wickets in his first match of the tour.

TOUR MATCH (Second day of three) Port Elizabeth: South Africa Students XI 315 for 9 dec (D Mofat 130, G King 78; J C Powell 4-42 and 14 for 0; England Under-19 XI 192

Danes join NatWest party in 1999

Denmark will take their place in the NatWest Trophy in 1999, adding to the international flavour of English cricket's enlarged 60-over tournament.

The England and Wales Cricket Board yesterday confirmed the Danes' inclusion in the one-day competition, which will be contested by 60 teams in two years' time. When Denmark enter the NatWest, they will have to play away from home

during their first campaign, but the situation will be reviewed for 2000 depending on the quality of a new grass square being laid at Brondby, near Copenhagen.

The opposition will comprise the existing participants Scotland, Ireland and the Netherlands, along with the 18 English first-class counties and 38 amateur teams representing the new County Boards. In England,

On Tuesday, he abruptly walked out of the unveiling of a wax model of himself - as soon as a journalist asked him about his weight. Yesterday, Warne, Victoria's Sheffield Shield captain, said: "I just want to clarify... a lot's been said about me storming out. I wasn't upset, I didn't spit the dummy."

"I thought it was an issue that was petty. I didn't think it was worth going into details. I reckon I can do that."

wanted to get out of there and go and play golf.

"I thought: 'Why am I standing here while some bloke asks me about my weight?' Next week it will be something else."

Warne said he was not the fittest he had been in his career, but he added: "You tell me to go and bowl 30 overs on the last day of a Test match and help win the match for Australia. I reckon I can do that."

SKIING

Seizinger equals Killy's win record

Germany's Katja Seizinger won her sixth straight race yesterday in Val d'Isère to equal Jean-Claude Killy's World Cup record for consecutive victories.

The Frenchman had his record streak in January 1967, winning three downhills, two slaloms and a giant slalom. Seizinger has had the luck of the schedule, with six consecutive speed events.

Seizinger has not lost since finishing fourth in a slalom on 28 November at Mammoth Mountain, California. "Everything went smoothly again today," she said. "I'm happy that I can now mention he is the same streak as Killy."

Seizinger started the winning run with a super-G victory at Mammoth Mountain, won two downhills and a super-G at Lake Louise, Alberta, and took the sprint downhill on Wednesday in Val d'Isère. "I am very sure on my skis right now and that's why I can attack better. That's my secret of the moment," she said.

With her 34th career victory, Seizinger broke a record she shared with the former Liechtenstein racer, Hanni Wenzel, for third place on the women's career list. Anne-Marie Moser-Pöhl of Austria tops the all-time list with 62, while Switzerland's Vreni Schneider is second with 55 successes.

Seizinger will face a tough test in today's giant slalom, with Italy's Debbie Compagnoni enjoying a seven-race winning run in the discipline.

Results, Digest, page 27

Leaders neck and neck as Swedes suffer mast damage

A second yacht has been hit by mast damage as the Whitbread fleet at least makes fast progress towards the Bass Strait on the third leg of the Whitbread Race.

Leg two winner Swedish Match, skippered by Gunnar Krantz, last night reported hunkering on both sides of the near 100-foot aluminium tube in the section between the deck and the keel.

But the Swedes, who are in fifth place, were continuing to race hard at what is now seen as a crucial stage of the race. With 400 miles to go to King

Island at the entrance to what is a notoriously difficult piece of water between the southern tip of Australia and the island of Tasmania, the leading group of yachts are only 14 miles apart in the 2,250-mile chase from Fremantle to Sydney.

Still leading was Dennis Conner's Toshiba, skippered by Britain's Paul Standridge, but there is a big spread of over 150 miles from the most northerly to the most southerly and even slight variations in weather conditions can make for big differences in speed.

Six hours of hettet freeze would put any one of them in the lead as they then turn up on the east coast of Australia for what is tuning into a concentrated 500-mile match race to the finish.

Going fastest last night was Grant Dalton in Merit Cup, although he was praying that he would be able to give his yacht the light to moderate conditions in which he felt he had an edge over the opposition.

International weather routing expert, Roger 'Clouds' Badham, who is based in Sydney, was forecasting there

would now be a freeze to bring the fleet all the way to the finish, something for which both the competitors and the organisers would be thankful as the predictions of their arrival time in Sydney have been slipping back and back. They are still expected on Tuesday.

The strong Chinese team got into their Southern Cross Cup stride yesterday on a grey and rainy Sydney Harbour, whipped white by a gusting south-easterly freeze.

It also produced a few hairy moments for crews coping

with the more difficult conditions.

Their 66-foot brand new Exile owned by Warwick Miller pulled a first and a third out of the hat, despite narrowly missing a big collision on the starline of the second race with Young Australia.

With Karl Kwok and his new Farr 49-footer Beau Geste, with Gavin Brady and Geoff Stagg at the back, adding a third and a second, China took a 43-point lead over Australia.

The British 43-footer Ouest, crewed by a Royal Navy team,

reversed a disappointing 22nd in the first race of the day to pick a sixth in the second with skipper Mickey Broughton hoping to consolidate in tomorrow's two races, a pair of windward leeward outside the harbour entrance.

WHITEBREAD ROUND THE WORLD RACE (Third leg, 2,250 miles, Fremantle to Sydney): 1 Toshiba (US) P Söderström 1074 miles to finish; 2 EF Langridge 1074; 3 Ouest (GB) G Dalton 1074; 4 Silk Cut (GB) L Smith 78; 5 Innovation (Nor) K Frostad 142; 6 Swedish Match (Swe) G Krantz 142; 7 Merit Cup (Norway) G Dalton 127; 8 Brunel Sunergy (Neth) R Heijboer 27; 9 Brunel Sunergy (Neth) R Heijboer 28.

- Stuart Alexander in Sydney

Wind of change brings respite for my wet and weary crew



GRANT DALTON

Hard work and little sleep made for a tough start to the third leg of the Whitbread Race for Merit Cup. However, as her skipper reports, things are looking up.

Soon we will know what Santa has brought us for Christmas. At the moment it feels more like a lucky dip than a promise to deliver our wish list. This game certainly frays the nerves and I am not sure how well we are going to be able to celebrate with our families when they join us in Australia for the break through the New Year.

When we were halfway to Sydney there was still nothing in it. It has been close racing since the start of the third leg from Fremantle and having everyone so close is a real incentive to keep levels of concentration high.

I can't recall a Whitbread leg where the leaderboard has changed so often and it's going to change again before it is all over.

Almost from the start last Saturday, we have been on the wind. A pounding beat south to Cape Leeuwin and then across the Great Australian Bight. The conditions have not been to our liking and they have been very tiring for the crew.

The weather has not been that bone-crunching, boat-breaking stuff that we have had on other legs, but it has certainly sapped the crew's strength. We had five days on the rail - uncomfortable, wet and wearying. I got my first real sleep on Tuesday night, our fourth night at sea.

It always takes the boys a day or two to settle in after a restart and meal times are not a high priority when it's a beat into the wind from the word go. We did not enjoy the first five

days - not only because it's been uncomfortable, but also because our position in the fleet has been non-stop.

However, as Mike Quilter, our on-board philosopher and navigator, says: "We have to live with our weaknesses."

Merit Cup's weakness, plain for anyone to see, is her ability, or lack of it, upwind compared with some of the other yachts. That was our trade-off for downwind performance. We are really happy with that, especially in a light to moderate breeze.

The upwind work was not unexpected, but it is completely different weather from the three previous Whitbread starts from Fremantle when the fleet went south in search of the westerly breeze.

This time, with Sydney the objective instead of Auckland, we took a more easterly route, dictated by the high-pressure system pushing into the area and had to beat into the south-easterly breeze coming off the top of it.

By yesterday the wind had come around a little and we had the opportunity to catch up if the wind evens out right over the fleet. From then on, we think the breeze will kick in and we will run into Bass Strait. Once we turn the corner, the whole fleet could be bunched again for the final push up to Sydney.

Everyone wants to win, but everyone also knows that we are finally seeing just how well these boats are matched and the difference between walking tall in Sydney and stamping on the dockside waiting for the fourth leg to Auckland is hairline thin.

As I write this we are doing only six knots and it has been like that for a few hours. However, we have started pushing south a little in the expectation

of the breeze being a little stronger there. If we get a good breeze we have an excellent chance of showing some of our potential in light to moderate winds.

The weather over the next few days should give us the opportunity to catch up if the wind evens out right over the fleet. From then on, we think the breeze will kick in and we will run into Bass Strait. Once we turn the corner, the whole fleet could be bunched again for the final push up to Sydney.

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27/SPORT

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FOOTBALL

England opt for Chile warm-up at Wembley

Chile will provide England's next opponents at Wembley on 11 February in their warm-up to the 1998 World Cup finals in France.

The Football Association have not yet confirmed opponents for planned friendlies in March and April, but Saudi Arabia will visit Wembley on 23 May for their final home game before the finals.

We're looking to develop a balanced and helpful fixture list between now and the start of the World Cup and both Chile and Saudi Arabia have qualified for France 98," Glenn Hoddle, the England coach, said. "Chile are clearly similar in style to

Colombia; the same can be said of Saudi Arabia in comparison with Tunisia - and both Colombia and Tunisia, of course, figure in our group at the World Cup."

Marcelo Salas, the Chilean striker, will not be appearing at Wembley as a Manchester United player, however, as the league leaders have pulled out of the race to sign him, saying their current form does not warrant the need for another striker.

Salas' agent, Gustavo Moscardi, had claimed this week the player was not interested in joining United, as he is thought to want to move to Italy, with Parma being his likely destination.

Everton have denied that Gary Speed will be moving to Newcastle, despite reports linking him with a £5m swap deal involving Darren Peacock after a £3.5m bid from St James' Park fell through last week.

An Everton spokesman said last night: "It is absolute nonsense. Gary is definitely not involved in any talks with Newcastle."

Speed will captain Everton at Leicester tomorrow, aiming to end his side's unenviable record of having gone a full year without an away Premiership victory, the last one coming at Derby on 16 December last year.

Sheffield Wednesday are hopeful that they will be able to resurrect the deal to bring the Macedonian international Goco Sedloski to Hillsborough after his transfer was halted by a problem with a medical.

George Boating, the Dutch Under-21 midfielder, has signed for Coventry City in a £250,000 move from Feyenoord and goes straight into the side against Liverpool at Anfield tomorrow.

"We consider this a very good piece of business," Gordon Strachan, the Coventry manager, said. "To get him for that price is a steal. We scraped the barrel to do this deal. If I want to bring any more players here I must wheel and deal."

Meanwhile, the Coventry captain Gary McAllister will be out of action for seven weeks after keyhole surgery revealed a torn cartilage.

Arsenal have given their 37-year-old goalkeeper John Lukic a free transfer after losing his funds to secure their future. They will be to bring their Welford Ground, which has a capacity of just 3,000, up to GM Vauxhall standard.

The journey to Upton Park will be a special one for Emley's secretary Richard Poujou, who retired as a Football League referee at the end of last season.

He supported the Hammers as a child and had trials with the London club as a teenager.

Rangers have finally found their own permanent training ground at Balgray in Glasgow's west end. The Scottish champions have agreed terms with Kelvinside Academy War Memorial Trust to buy the school's 10-acre training ground.

- Catherine Riley

TODAY'S NUMBER

£5,000

The amount each of Scotland's 40 league clubs are to get from the Scottish League as a "cold weather payment". The financial support is to help the clubs through the winter, when games may be postponed due to bad weather.

- Rupert Metcalf

SPORTING DIGEST

GOLF

Baker-Finch's game still in a hole

Ian Baker-Finch, the former Open champion, said he would continue working on his game despite disqualifying himself from the Coolangatta Classic tournament in New South Wales yesterday.

Baker-Finch was six over

par after eight holes when he hit two successive tee-shots into the water on the 18th hole.

The 1991 Open winner said his game was not yet ready to stand up to professional tournament play. But he said he is going to not retire.

The 37-year-old Australian later criticised the press. "Why do you guys have to take pictures and have quotes?" he said. "Why write about someone who's not playing well? People are sick of hearing what I had, they want to know what the good scores are."

He added: "I'm not going to go back to the amateur game."

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Naseem Hamed puts in some last-minute training before his world title bout with Kevin Kelley in New York early on Saturday morning

Photograph: Teddy Blackburn/AP

Prince poised to fulfil his American dream

If Naseem Hamed is as good as he thinks he is, he will beat Kevin Kelley tonight and become the most famous British boxer in America for more than a generation.

Harry Mullan in New York expects him to do both.

Back in 1995, when I was editing the sport's trade paper *Boxing News* I was summoned from lunch to the office by a receptionist; a lady who did not approve of the ways of boxers (or journalists). "There's somebody waiting for you who says he is the world's greatest featherweight," she said struggling to keep the disdain from her voice.

The visitor was not, as might be supposed, Naseem Hamed but Kevin Kelley, the New Yorker against whom Hamed defends his World Boxing Organisation title tonight in Madison Square Garden. It is a measure of how their fortunes have changed in the meantime that Hamed, then, would not have dreamt of challenging Kelley's right to that self-bestowed superlative, while Kelley now would have to concede the Prince's entitlement to the label.

Hamed, at 23, stands on the edge of greatness while Kelley, at 30, contemplates a past which never delivered as much as it promised – and a future which is likely to be bleaker by Saturday morning.

This is a moment of genuine significance for British boxing. It looks increasingly that Hamed really is as good as he believes himself to be, in which case he is poised to make the biggest impression on an American audience by anyone from these parts since the days, more than 25 years ago, when Scotland's Ken Buchanan was King of The Garden. Buchanan entranced New York with a succession of dazzling performances here in the early 1970s, making such an impression that he was voted Fighter of the Year by the American boxing writers in 1971. Since that was also the year when Joe Frazier beat Muhammad Ali in the Garden, Buchanan's achievement was enormous.

Hamed, though, is unlikely to feel bowed by the weight of history. His is a narrow world, focused on himself and his own future. Such self-absorption might be unhealthy and even objectionable in a layman, but for a fighter it is a positive asset. He is already wealthy enough never to need to box again, but the take-up for the pay-per-view

transmission. HBO have gambled hugely on his potential, while Warren has played his part by producing exactly the right opponent to make the gamble pay off.

Kelley could have been designed by computer to be Hamed's ideal opponent. The 30-year-old, home-loving father of four has a lifestyle far removed from Hamed's recreational pursuits, which centre around flash cars and nightclubs, and while retaining a healthy respect for his own abilities, he is no longer the chest-thumper he was in his prime.

His brand of brashness does not sit well with American fans, who prefer their heroes to be – at least for public consumption – quiet and modest boys who love their mom and marry their high school sweetheart. Selling Hamed has been a challenge for promoter Frank Warren, who spent \$750,000 (£450,000) on hiring the Garden, and for Home Box Office, the TV company who have signed the Englishman to a \$12m (£7.2m) six-fight deal and invested almost \$2m (£1.2m) on an advertising blitz to introduce him to New Yorkers.

The success of the operation will be determined not by the attendance tonight, which is likely to be around half the Garden's 20,000 capacity, but by the figures for his next American appearance and specifically the take-up for the pay-per-view

unorthodoxy of his delivery. He can land telling blows from the most improbable angles and positions, and at times seems to defy the law of gravity as easily as he flouts the hoary old boxing conventions like never pulling back from punches with your chin in the air, or never dropping your hands within your opponents punching range. Hamed does it all with bewildering speed and an unshakeable self-help which has survived potentially embarrassing moments in defences against Daniel Alesia and Manuel Medina.

He won and then relinquished the International Boxing Federation version of the title, and is very much the "flagship" fighter of the WBO. His success, and his loyalty to the organisation, has had beneficial results for British fighters – so many of them have contested WBO titles in the past two years that cynics might suggest the initials stand for Warren's Boxing Organisation – but whatever belt he holds, Hamed is beyond challenge as the best at the weight.

He should dispose of Kelley within four rounds, although the American's courage and considerable hitting power could make it an explosively exciting affair while it lasts. After that,

Las Vegas is surely the next stop. The Prince and the City were made for each other, and it was only Warren's difficult relationship with his former partner Don King which stopped Hamed making his debut there at least a year ago.

King wanted a degree of control which Warren was not prepared to relinquish, hence King's unwillingness to match Hamed in the unification fights with the rival champions under his wing.

Warren's lucrative alliance with HBO has sidelined King, and so long as Hamed continues to deliver viewer-pulling performances it may have changed the whole power base in the sport. Warren no longer needs King to deliver opponents when there are HBO fighters readily available. Junior Jones, a loquacious and gifted New Yorker who defends his WBO super-huantamweight title on tonight's show, could be the next in line for a fighter with a new world to conquer.

Women finally achieve parity with male counterparts

Pete Davies
reports from Nagpur
England 95
Australia 96-2
Australia win by eight wickets

Played four, won four – and then there was Australia. In the handsome VCA Stadium yesterday, England were handed the sharpest possible lesson in just how good a women's cricket team can be. Comprehensively outplayed by 11 quick and agile athletes, they can not now be in any doubt about how big a challenge they face to retain their world title.

The field was immaculate; the wicket had been prepared for the recent India-Sri Lanka men's Test. It was flat, grassless and quick, but Catherine Fitzpatrick was quicker.

When Australia's opening bowler told reporters she could send it down at 75mph, eyebrows were raised, but from her first ball it was all too plain she could. Her first two overs were maidens, and Charlotte Edwards was clean bowled for nought in her third.

Of England's vaunted batting line-up, few made much headway. At No 3 Barbara Daniels worked hard for 23 and at No 4 Sue Metcalfe grafteded for her 14, but the run rate was painfully slow, and was stifled utterly when leg-spinner Olivia Magno went to work. A silly run out and some rank bad shots looked likely to leave England with a truly woeful total, before Clare Connor and Melissa Reynard stuck in for 10 overs.

England are a talented and big-hearted squad who can certainly play better than yesterday. They will now need to lift themselves before they go to Chandigarh for a quarter-final against the Netherlands or Sri Lanka on Sunday.

England won loss

ENGLAND	Winnings	Losses
C. Fitzpatrick	0	0
B. Daniels b. Marnie	7	0
B. Daniels c. Calver b. Magno	28	0
S. Metcalfe c. b. Magno	14	0
D. Connor	1	0
C. Edwards b. Magno	1	0
K. Long lbw b. Magno	0	0
M. Reynard c. Polton b. Fitzpatrick	23	0
S. Metcalfe run out	0	1
C. Taylor run out	0	1
B. Daniels (lbw) b. Taylor	0	1
Fall 1-4 2-30 3-39 4-45 5-54 6-63 7-69	0	0
8-71 9-85	0	0
C. Fitzpatrick 84-9-25-3; Calver 6-3-11; Marnie 10-22-1; Polton 10-3-3-0; Magno 9-5-0-4; Polton 3-1-5-0	0	0
AUSTRALIA	Winnings	Losses
B. Clark & British b. Reynard	0	0
C. Edwards c. Calver b. Taylor	0	0
M. Gossler not out	31	0
K. Polton not out	0	1
Total (27.5 overs)	96	0
Fall 1-3 2-36	0	0
Did not bat: M. Jones, A. Calver, J. Price, O. Magno, A. Polton, C. Fitzpatrick, C. Taylor, B. Daniels, T. Smithies, S. Daniels, Taylor 8-1-20-1; Smithies 8-5-1-24-0; Reynard 6-0-28-1; Leng 3-0-16-0.	0	0
Umpires: Suresh Phakde and D. K. Kar	0	0

England won loss

ENGLAND

G. Fitzpatrick 84-9-25-3; Calver 6-3-11; Marnie 10-22-1; Polton 10-3-3-0; Magno 9-5-0-4; Polton 3-1-5-0

AUSTRALIA

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C. Edwards c. Calver b. Taylor

M. Gossler not out

K. Polton not out

Total (27.5 overs)

Fall 1-3 2-36

Did not bat: M. Jones, A. Calver, J. Price, O. Magno, A. Polton, C. Fitzpatrick, C. Taylor, B. Daniels, T. Smithies, S. Daniels, Taylor 8-1-20-1; Smithies 8-5-1-24-0; Reynard 6-0-28-1; Leng 3-0-16-0.

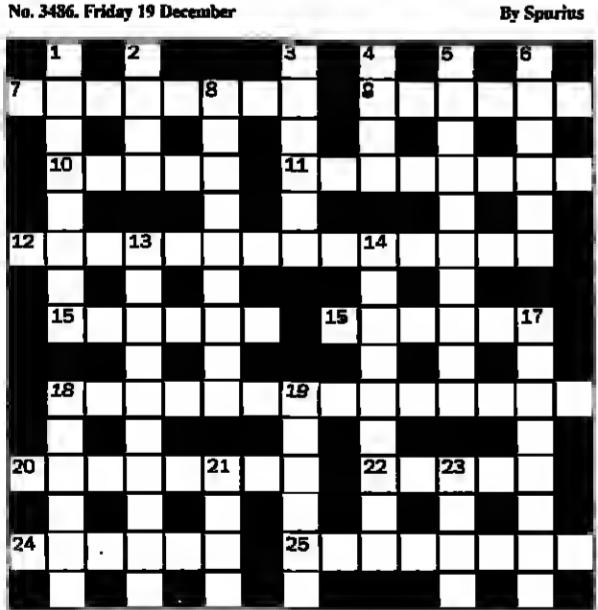
Umpires: Suresh Phakde and D. K. Kar

THE INDEPENDENT CROSSWORD

No. 3486. Friday 19 December

By Spurios

Thursday's solution



- ACROSS
7 Do exhilarating sport, though kit wears out? (5)
9 Countryman's urge to embrace old mother (6)
10 I learn classical dance (5)
11 Books on the twenties typically showing lack of moral vigour (8)
12 Demand investigation? (6)
15 All the characters involved must be vicious (6)
16 District you'll see bus going round, being originally outside city? (6)
18 Crops gathered in here? (10, 4)
20 Gulf state where Flanagan wears a religious garb mostly (3, 5)

- 22 Indian native, sinuous in firm undergarment? (5)
24 Fail to till arable land (6)
25 Book about French resort almost apt to result in eruption? (8)
28 Something to hold on to when hammering hard nail (8)
29 Smaller quantity conveyed by the French ship (4)
3 Conundrum you'll see theologian get angry about? (6)
4 Reportedly decline to co-ordinate soundtrack with picture? (4)
5 Duster for one's personal use? (6-4)

- 6 Corporation, one featured in a satirical magazine (6)
8 Frisky horse champing bits of tack takes the biscuit? (9)
13 Kochel muttered angrily about large instrument (10)
14 Peer carrying one case appears suspicious (9)
17 Drinking establishment with lawyers in charge is uncivilised (8)
18 Blue neck tie originally worn by arts graduate (6)
19 Steal article that is very cherished? (6)
21 Long service, intrinsically hard (4)
23 Venerable churchman said part of rosary (4)

FOOTBALL

Pleat's credentials impress Gross

David Pleat's chances of returning to White Hart Lane have increased significantly following a long telephone conversation between the former Tottenham manager and the current holder of that position, the recently appointed Christian Gross.

Gross confirmed yesterday that he had had a two-and-a-half-hour phone conversation with Pleat, who was recently sacked by Sheffield Wednesday. Pleat is the favourite to be made Tottenham's director of football, an appointment that would allow Gross to concentrate on the day-to-day running of the club.

"He loves soccer," Gross said of Pleat. "It was interesting to talk to him about soccer, but no decision has been taken. Alan Sugar [the Spurs chairman] has already said he needs someone in this position, but the responsibilities are strictly separated. Maybe David Pleat will be that man, maybe not."

"Over the last 24 years he has

been on the pitch as a manager, and it's not easy to stop after 24 years in this profession. It's not easy to be on the other side. But David knows English soccer and English players very well."

There will be no decision until after Christmas and, although Gross insists he would still be responsible for negotiating with players, he admits that scouting is an area that needs attention.

Gross had hoped to bring Andy Hinchcliffe to Spurs to shore up a defence that has conceded 10 goals in the last two games and 32 overall. But a player-swap deal for the Everton full-back has fallen through, because of injuries to two of the three players Howard Kendall was interested in. Kendall wanted to swap Hinchcliffe for either Les Ferdinand, Steffen Iversen or Chris Armstrong, but with the latter two injured and Ferdinand not for sale, the deal has been shelved.

England to take on Chile, page 27

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